



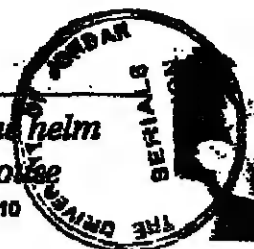
**Jan Timmer's next task**  
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# FINANCIAL TIMES

Europe's Business Newspaper

MONDAY AUGUST 15 1994

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## Berlusconi and Bossi make show of coalition unity

Italian prime minister Silvio Berlusconi and the Northern League's Umberto Bossi, partners in the country's ruling coalition, made a concerted effort over the weekend to show they had patched up their differences.

The two held a secret summit to thrash out a pact, although some Italian observers seemed sceptical about whether it would hold. Fears of a split in the coalition have contributed to tension on Italian financial markets in the last fortnight. Page 14

**Probe into satellite TV company:** Britain's Office of Fair Trading is conducting preliminary inquiries into satellite TV company BSkyB's position in the UK satellite and cable television market. Page 15; Cable network may hand government a £1bn windfall, Page 6

**World Cup profits roll in:** International businesses from airlines and hoteliers to television manufacturers and brewers have begun to disclose the scale of profits they made from this summer's football World Cup. Page 14

**Reed Elsevier,** Anglo-Dutch information and publishing group, is today expected to announce details of a compensation package for Peter Davis, who resigned as chairman in June over changes in management responsibilities. Page 16

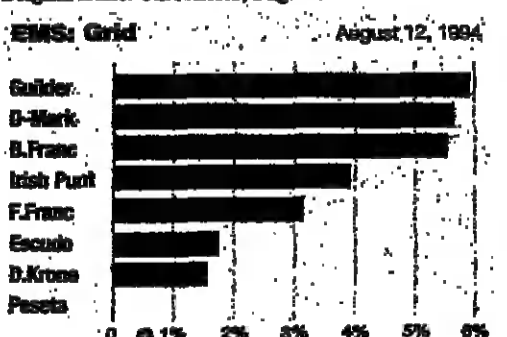
**Israel in Palestine customs deal:** Israel and the Palestinians agreed customs and indirect tax measures and said they were close to an accord on the next phase of their peace process - transfer of administrative powers from Israeli to Palestinian hands in the occupied West Bank. Page 4

**Derivatives 'a risk':** Just over half of finance directors at the UK's top companies regard derivatives as a possible risk to financial systems while 16 per cent see them as a definite risk, according to a survey. However most believe that derivatives play an important, even essential, role in the management of risk. Page 18; Cure for angst, Page 12

**Ennamp,** UK media group, is buying three of the best known UK golf magazine titles for £11.25m (£17.3m). The New York Times, Page 16

**Train crash kills 24:** At least 24 people were killed and 16 injured on Saturday when a passenger train slammed into a stationary freight train just outside the Georgian capital of Tbilisi after a signalling error, the health ministry said yesterday.

**European Monetary System:** The EMS grid had a fairly turbulent week, prompted by higher interest rates from two countries outside the grid, Sweden and Italy. The result was a large increase in the position of the strongest currency against the weakest, generalised D-Mark strength, and the Irish punt being displaced at the top of the grid by the Dutch guilder. The D-Mark also climbed above the Belgian franc. Currencies, Page 27



The chart shows the member currencies of the exchange rate mechanism measured against the weakest currency in the system. Most of the currencies are permitted to fluctuate within 15 per cent of agreed central rates against the other members of the mechanism. The exceptions are the D-Mark and the guilder which move in a 2.25 per cent band.

**International Business Machines** has backed away from plans for heavy promotion of PowerPC microprocessor technology, developed with Apple Computer and Motorola, as a replacement for the Intel chips that dominate the personal computer industry. Page 17

**Baby Bells to fight bill:** US local telephone companies still plan a fight over some portions of the telecommunications bill now making its way towards the Senate floor, even though they accepted a compromise on some of the conditions it would place on their entry into the long distance telephone market. Page 4

**Tokyo minister forced out:** A Japanese cabinet minister was forced to resign after complaints from South Korea and China over his comments that Japan did not intend to fight a war of aggression in the 1930s and 1940s. Shin Sakurai, director general of the Environment Agency, suggested that occupation had benefited parts of Asia. Page 3

**Charter,** UK industrial group, will today announce whether it is willing to pay more for Esab, the world's largest welding equipment supplier, than the £260m (£402m) recommended bid rejected by a key group of the Swedish company's institutional shareholders. Page 17

**Spy trials to start:** The trial of five members of Albania's ethnic Greek minority on charges of treason, espionage and illegal possession of weapons, opens today in Tirane following several weeks of angry diplomatic exchanges between the two neighbouring governments. Page 2

**Win for Schumacher:** Formula One championship leader Michael Schumacher of Germany recorded his seventh victory of the motor racing season when he won the Hungarian grand prix in a Benetton. Greens save trees at expense of turbos, Page 14

## Clinton fights to rescue crime bill

By George Graham  
In Washington

President's reform agenda hangs on fate of key legislation

President Bill Clinton fought back yesterday to rescue his crime bill, a key component of his domestic agenda that was blocked by the House of Representatives last week in the most shattering defeat of his 18-month-old presidency.

White House officials believe they can salvage victory from defeat by launching a concerted attack on opponents of a measure which is generally popular.

Mr Clinton has signalled how much rides on the fate of the crime bill by focusing on the issue almost exclusively since last Thursday's vote. The fate of the crime bill and the president's

healthcare reform programme is widely seen as a defining test of whether Mr Clinton's domestic agenda can survive.

It would not be the first time that the Clinton team has recovered quickly from apparent setbacks. The president pulled off narrow victories on issues such as the budget and the North American Free Trade Agreement after last-minute campaigns of personal lobbying.

However, some administration officials are worried that they are having to switch all their resources to pass the crime bill at a moment when Mr Clinton's big-

gest objective, healthcare reform, is stalled in both the Senate and the House.

At the same time, Mr Clinton continues to be hamstrung by the scandals and distractions that have dogged his administration. Mr Roger Altman, the deputy Treasury secretary, was reported at the weekend to be likely to step down in the next fortnight after failing to convince senators that he had not misled them in his testimony on Whitewater.

"It has been discussed, and the fundamental question is whether he can re-establish the Senate's confidence," Mr Leon Panetta,

the White House chief of staff, said yesterday.

With rare single-mindedness, Mr Clinton has spoken about nothing but crime since Thursday's procedural vote in the House which blocked the bill.

After calling a press conference immediately after the vote, the president hastily arranged to address the National Association of Police Organisations in Minneapolis on Friday and on Saturday devoted his weekly radio address to crime. Yesterday, he went to a Maryland church to sustain the barrage with another speech on the same subject.

Some Democrats believe they have already wrong-footed the Republicans, who urged the president to strip out the bill's ban on assault guns and put it to a separate vote. Republicans originally claimed they had voted to block the bill only because it had too many social programmes which Mr Clinton has advocated "to give kids something to say yes to."

Stripping out the ban on assault guns to rescue the bill is unacceptable, senior Democrats insist. While in many parts of the US voters want their members of Congress to vote against gun con-

tro, a ban that does not inconvenience hunters continues to command widespread popular support, even among gun-owners.

If the White House can turn the debate into a straightforward vote on gun control, it stands a good chance of getting past last week's procedural block and bringing the measure to a final vote it is confident of winning.

"If this bill comes to a vote it's going to pass. Everyone knows that," said Mr Panetta.

What worries Mr Clinton's supporters is whether the push on the crime bill can be turned into a sustained improvement in the focus of the administration - the sort of improvement Mr Panetta's appointment last month was intended to bring about.

## Rivals set to bid for remains of Canadian insurer

By Janet McFarland in Toronto  
and Alison Smith in London

Rival North American insurance companies are already expressing interest in buying elements of Confederation Life Insurance, Canada's fourth-largest insurer, which was seized by financial regulators last week.

Their reaction comes against a background of concern about the longer-term damage Confed's collapse will inflict on Canada's insurance market. With assets of \$19.2bn (\$18.9bn), Confed is the largest insurance company ever to fail in North America.

Ms Suzanne Laberge, Canada's acting superintendent of financial institutions, said regulators would move quickly to sell assets before their value was eroded.

Insurers that have expressed a public interest in acquiring parts of Confed include Great-West Life Assurance, North American Life Assurance and Aetna Canada.

Mr Paul Cantor, Confed chief executive, said negotiations announced last week to sell the company's British operation to a financial services group were continuing, and the sale should be announced "very soon".

The buyer is thought to be a Canadian insurer with UK operations, suggesting Sun Life as a bidder because it has available cash for acquisition.

Canadian regulators took control of 123-year-old Confed last Thursday to prevent a run on its policies and deposits after the failure of long-running efforts to bail it out. The mutual insurer, which has fallen victim to the North American property slump, had suffered a rapidly eroding capital base leaving it unable to meet liabilities.

The regulators will apply today for a court order to wind up the operations of the company and will order accountancy firm PricewaterhouseCoopers to manage the company for the regulator, to sell as many of Confed's assets as possible to other insurers.

But the cheap buying opportunities for rival companies will be eclipsed by the severe damage the Canadian industry will suffer for years, according to the country's insurance officials.

Mr Mark Daniels, president of the Canadian Life and Health Insurance Association, which represents insurance companies, said the most direct financial hardship for the industry would be the amounts levied from each company to act as a safety net for policyholders.

The fund protecting policyholders, known as CompCorp, is fully industry-sponsored, through payments all insurers have to make each time a company fails.

Many smaller insurers are already struggling to survive in a highly competitive market of 180 life insurers. Analysts predict some of them will be overburdened by the contributions they will have to make to CompCorp.



Hundreds of stick-wielding demonstrators prepare to confront South Korean riot police on the campus of Seoul's National University. About 7,000 students gathered for an outlawed pro-unification rally called to mark the 49th anniversary of Korea's liberation from Japanese colonial rule. Korean accord, Page 4

## US telecom carriers attack rivals who call the customers

By Bronwen Maddox  
in New York

They give a new twist to the phrase "Don't call me, I'll call you". The "callback" services mushrooming across the US now offer a way to avoid the high rates for international telephone calls charged by many countries. But their huge popularity is attracting furious opposition from established telecommunications carriers, who are pressing for the services to be made illegal.

Callback takes advantage of the gap between the low prices for international calls in the deregulated and intensely competitive US telecommunications market and the high charges in many other countries, particularly those where the service is dominated by a state-owned PTT.

Japan, for example, despite deregulation, still charges high prices for international calls. To use the "callback" service, a caller in Japan dials the number of one of the 100-odd callback bureaux which have sprung up across the US. The caller hangs up after a single ring, and a programmed switch in the bureau calls back with a dial tone from a US carrier's line. The caller can then use that line to call any-

where in the world - and will pay only US rates.

Mr Dennis Anderson, vice-president of Colorado-based International GeoTel, estimates that his service halves the usual \$2 per minute charge to call from Tokyo to the US in peak time.

His company, which started late last year and already has more than a thousand business customers, is targeting businesses in Latin America, the Pacific rim, Italy, Spain, Greece and Eastern Europe, which have the most expensive international calls.

The callback operators see themselves as pioneers testing technical and legal frontiers.

The development of these services in the past year has been driven partly by the invention of the callback switch.

But explosive growth this summer has followed a ruling in May by the US Federal Communications Commission that such devices were not illegal, despite fierce opposition from US carriers and some overseas PTTs.

The US carriers AT&T, MCI and Sprint argue that they are not recompensed for the cost of the initial call to the US.

Telephone companies to fight Senate bill, Page 4

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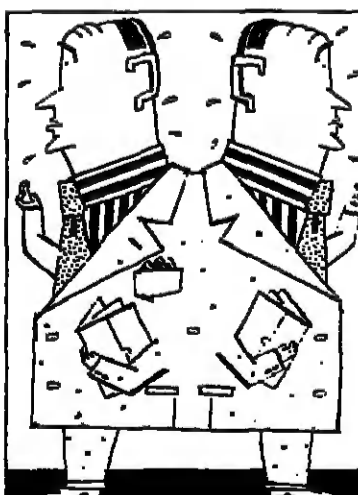
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Area	Country	Code	Unit	Value	Area	Country	Code	Unit	Value
Austria	SEK	100	100	100	Spain	ESP	100	100	100
Belgium	USD	100	100	100	Sweden	SEK	100	100	100
Denmark	DKK	100	100	100	Switzerland	CHF	100	100	100
France	FRF	100	100	100	Taiwan	NTD	100	100	100
Germany	DM	100	100	100	UK	GBP	100	100	100
Greece	GRD	100	100	100	USA	USD	100	100	100
Italy	Lira	100	100	100	Yugoslavia	Dinar	100	100	100
Japan	Yen	100	100	100					
Netherlands	FL	100	100	100					
Portugal	Escudo	100	100	100					
Spain	Peseta	100	100	100					
Sweden	Krona	100	100	100					
Switzerland	Franc	100	100	100					
Taiwan	New Taiwan Dollar	100	100	100					
UK	Pound	100	100	100					
USA	Dollar	100	100	100					
Yugoslavia	Dinar	100	100	100					



## NEWS: INTERNATIONAL

## OBITUARY: MANFRED WÖRNER

## Presiding over era of tumultuous change



Manfred Wörner: like Nato forces, "leaner and meaner"

Manfred Wörner, who died on Saturday aged 59, presided over the North Atlantic Treaty Organisation during the end of the cold war and the beginning of its unpredictable aftermath. It has been a period of tumultuous change, raising questions about the whole purpose and future of the alliance. His recent claim that these uncertainties had been overcome was not fully convincing. But there can be no doubt that his own stature increased as the job of Nato secretary-general became ever more challenging.

It was unimaginable when he was appointed to the Brussels post in 1983 that a Nato leader should come to spend much of his time visiting and receiving visits from what was then the Warsaw Pact. It was equally inconceivable that Nato - any more than its cold war adversary - should be thought of as a suitable instrument for peacekeeping or peacemaking outside its frontiers.

The criticism now directed at Nato for the absence of decisive action in Bosnia is a measure of how much has changed. A long debate about "out of area" action is now over. It has moved from being a virtually taboo subject to the centre of Nato business, to the extent that the phrase "out of area" has fallen into disuse.

Wörner felt strongly about the tragedy of former Yugoslavia but was defensive about Nato's record there. He looked at it from the viewpoint of Nato as an organisation, which indeed has performed all the tasks the UN has asked of it, rather than as a collectivity of nations which between them have much to answer for in the Bosnian catastrophe.

His appointment was controversial in the early stages, but he grew into the job and proved equal to the momentous changes the alliance had to undergo. Some found him brash

and vain, but he earned their respect. At the Nato summit last January President Bill Clinton paid him tribute as "a genuine statesman", praising his "great vision and discipline". Although he had previously had a successful political career in Germany, his reputation was higher outside his own country than within it.

Born near Stuttgart in 1934, Wörner attended university at Heidelberg and Paris and undertook further legal studies in Munich and Stuttgart, devoting his doctoral thesis to defence relations between allied countries.

After working as an adviser to the Christian Democratic Union in Baden-Württemberg, he was elected in 1955

At the end of his four-year term, the allies extended his tenure by another year and then by another three years

to the Bundestag, where he became chairman of the defence committee. From 1962 to 1968 he was minister of defence, a period which included the launching of the Eurofighter project. He is credited with coining the phrase *Bürger in Uniform*, or citizen-soldier, as the expression of the new face of the German military.

When he went to Nato in July 1983 he was not only, at 33, the youngest man to do the job but also the first German. Germany was at the heart of Nato in the military sense - on the front line and still with troops from five other Nato countries on its territory - but was becoming a more awkward ally, particularly over nuclear weapons policy.

Doubts were expressed whether this suave former fighter pilot in the German air reserve had the political pull

in Bonn, particularly vis-à-vis the then foreign minister, Hans-Dietrich Genscher, that other allies felt was badly needed. He did not seem to have the clout of his predecessor Lord Carrington.

One senior Nato diplomat commented at the time: "It was right that it should be a German. But the question is: was it the right German?"

However, his intelligence, honesty and sheer commitment shone through. At the end of his four-year term, unable to agree on a successor, the allies extended his tenure by another year and then by another three years.

Sadly, the principal candidate to take over from him, Norwegian foreign minister Johan Jørgen Holst, died in January.

Wörner knew in 1992 he had cancer of the colon and underwent a series of operations, but was determined to complete the job of overseeing Nato's transition and its moves towards incorporating the countries of eastern Europe.

He married only once in public to the disease, joking that he had become, like Nato's much-reduced forces, "leaner and meaner".

On the eve of the January summit he told the allies he had been declared free of cancer and intended to go on to the end of his term in mid-1996.

He was a distinctive figure, with a fixed stare, accentuated by his recent gauntness, a sometimes ponderous manner and a penchant for hyperbole which led him to describe almost any Nato gathering as "historic". But without his passionate belief in the transatlantic alliance Nato would be in a worse state than it is. Replacing him will not be easy.

His widow, Elsie Reinsch, was his second wife. He had a son by his first marriage.

David White

## Dutch left and right unite to rule

Ronald van de Krol on the Netherlands' forthcoming 'purple' coalition

The Netherlands is about to make first-hand acquaintance with the old adage that politics makes strange bedfellows.

By the end of the month, the country will find itself governed by the first left-right coalition in its history, bringing together three unlikely allies - the Labour party, the right-wing Liberals and the left-of-centre D66.

The unusual "purple" coalition - so called because of the mix between the Labour "reds" and the Tory "blues" Liberals - will squeeze the centrist Christian Democrats out of power for the first time in memory, ending their era as the natural party of government.

The odd grouping of parties in the new coalition is underlined by the personalities of the main protagonists.

Mr Wim Kok, the Labour leader and the man destined to be prime minister, is the son of a carpenter. He studied business but went on to become the leader of the Dutch labour union federation before entering politics. His counterpart in the Liberal party, Mr Frits Bolkestein, is a former Shell executive with a posh accent and a fondness for tennis. Mr Hans van Mierlo, D66 leader, is one of the few Dutch politicians who could be accused of possessing charisma. A former journalist, he founded the D66 party in 1966 in an attempt to

break the mould of Dutch politics.

The advent of a left-right cabinet will not, however, herald radical changes. "Left" and "right" are relative terms in the Netherlands, and the three coalition parties have not put forward a programme significantly different from what the Christian Democrats would have tried to achieve.

Boosting employment will be the main goal of the new cabinet, which is to be inaugurated before the end of the month with Mr Kok as prime minister.

Government spending is to be cut by fl 18bn (\$10bn), with about half given back to house-

holds and the business community in the form of lower taxes and social premiums. By reducing the cost of labour to companies, the new government hopes to foster the creation of 125,000 jobs. In addition, economic recovery should lead to 230,000 extra jobs in the government's four-year term in office.

Social spending will be cut in some controversial areas, but the level of unemployment and disability payments will not be lowered.

People covered by the national health scheme will be required to pay a deductible of fl 200 a year for medical treatment, as a way of both reducing the cost of health care and

discouraging unnecessary visits to doctors.

The wide-ranging government plan also covers topics from Amsterdam's Schiphol Airport - night flights from which are to be curbed - to slightly more liberal shop opening hours.

Indeed, it is the detail in the 68-page plan that explains, in part, why it has taken the Netherlands more than 100 days to come up with a new government since the May 3 general election.

But another factor is the sheer unfamiliarity of an attempt to bring together parties from opposite sides of the narrow Dutch political spectrum.

## Ethnic Greeks go on trial in Albania

By Karin Hope in Athens

The trial of five members of Albania's ethnic Greek minority on charges of treason, espionage and illegal possession of weapons, opens today in Tirane following several weeks of angry diplomatic exchanges between the two neighbouring governments.

Greece is threatening to veto Ecu23m (\$23m) in European Union financial assistance to Albania because of the Albanian decision to go ahead with the trial.

The EU has already tried to assuage Greek concern over the minority's position by linking release of the aid to Albania's record on protecting human rights.

However, the stand-off with Albania, together with Greece's six-month trade blockade of the former Yugoslav republic of Macedonia, underline the continuing reluctance of Greek policymakers to try to reduce tension in the Balkans.

The five defendants, all prominent members of Omónia, an ethnic Greek political organisation, were arrested in April, shortly after an attack on a military post close to the Greek border left two Albanian soldiers dead.

The incident caused a sharp deterioration in Greek-Albanian relations, already uneasy because of complaints of the discrimination against ethnic Greeks, who claimed they were refused titles to land being privatised or were unable to bid for small businesses being sold off by the state.

Greece rejected an Albanian accusation that the raid was carried out by Greek commandos on orders from the government. However, speculation persists in Athens that it was organised by a group of dissident Greek soldiers, opposed to the Socialist administration's efforts to improve ties with Tirane, in co-operation with hardline ethnic Greeks in Albania.

The indictment claims the five ethnic Greeks were conspiring with nationalist organisations in Greece to establish autonomy for Northern Epirus, the region adjoining the Greek border where the minority lives, and eventually unite it with Greece.

The Greek government is also threatening to expel many of the estimated 150,000 Albanian immigrants working illegally in Greece and to block remittances in drachmas to Albania.

However, there are fears that a wave of expulsions could bring retaliation against the ethnic Greeks in southern Albania.

The dispute has already slowed down Greek investment in Albania, which has been promoted in the past by the Greek government as the most effective way of improving bilateral relations.

## EUROPEAN NEWS DIGEST

## Germany to act on smuggling of nuclear material

Chancellor Helmut Kohl will send a special envoy to Moscow to find out how nuclear material is being smuggled into Germany after police in Bavaria last week seized 50 grams of enriched plutonium carried on a recent Lufthansa flight from Moscow to Munich. It was the third seizure in four months of weapons-grade material from the former Soviet bloc and confirmed fears that Germany has become the main transit route for such smuggling since the end of the cold war opened a black market for nuclear contraband from the east. Speaking on German television last night, Mr Kohl said he would also speak to President Boris Yeltsin to seek help in tightening up security. "Every possible step must be taken to prevent such things from happening in the future," he said. At the same time, Mr Klaus Kinkel, the foreign minister, yesterday told Bild am Sonntag newspaper that a "new control system for plutonium" should be set up. "Travelling salesmen with nuclear suitcases pose a new atomic danger," he said. Police told Der Spiegel magazine, which broke the story, that the smuggling of weapons-grade nuclear materials could have been organised by Libyan, Iranian, or Iraqi diplomats. Judy Dempsey, Berlin

## Epidemics threaten ex-USSR

A wave of epidemics is threatening the former Soviet Union. One person has died of anthrax in Ukraine this week and there is a risk of a cholera outbreak in Moscow, where the disease has already claimed one victim. Health officials said 24 people suspected of carrying the disease escaped from police detention over the weekend after Moscow police had tried to hold a group of 67 visitors from the southern Russian region of Dagestan, the source of an epidemic which has affected 375 people and killed 12. Russia's deputy health minister has called for the entire republic of Dagestan to be put under quarantine. Five villages in the region have already been isolated. Over the weekend, health authorities in neighbouring Ukraine issued an anthrax warning. Fourteen people in Ukraine are known to be infected with anthrax. *Christina Freeland, Moscow*

## Dividend scheme uncovered

The Economics Ministry in the German state of Hesse has uncovered 175 cases of a stock market phenomenon known as dividend-stripping. German newspapers reported over the weekend. The reports, quoting the *Cheerwieser* internet newsletter, said the transactions concerned had involved 5.9m shares with a value of more than DM2bn (\$1.2bn) and were based on brokers' data from 1981. In dividend-stripping transactions, which fall into a legal grey area, shares are exchanged between domestic and foreign shareholders just before a dividend payout so the domestic operator holds the shares when the payment is made. This means the domestic shareholder can take advantage of a tax credit accompanying the cash dividend which is worthless to a foreign investor. The shares are then sold back to the foreign party at a fixed lower price, allowing the two parties to split the effective cash value of the tax credit. *Reuter, Frankfurt*

## Kohl 'would serve full term'

German Chancellor Helmut Kohl will stay in office for all four years of the next parliament if he wins October's general election, he said yesterday. Mr Kohl, 64, denied accusations by the opposition Social Democrats that he would decide voters by stepping down in mid-term if he won, making way for his hardline right-wing lieutenant Mr Wolfgang Schäuble. "I have made it quite clear to my party and in public before the election that I want to run again," Mr Kohl, who has been chancellor since 1982, told German ZDF television in his Austrian holiday retreat of St Gilgen. "I want to know [if the voters still back me], and I will naturally run in order to make full use of the time given to me by the voters." *Reuter, Bonn*

## General denounces army plan

General Alexander Lebed, the hardline commander of the Russian 14th army in Moldova, yesterday denounced plans to pull his army back into Russia and remove him from his post. He described last week's agreement between Russia and Moldova on a three-year timetable for the withdrawal as "a crime" and said that he would not be "an obedient performer" of Moscow's orders. Gen Lebed's outburst, just a month after he described Russian President Boris Yeltsin as "a minus", poses an immediate threat to the delicate rapprochement between Russia and Moldova and could further undermine Moscow's control over the military, particularly units serving outside Russia's borders. Some observers fear that the charismatic general could act as a focal point for Russians who lament the collapse of the Soviet Union. *Christina Freeland, Moscow*

## Bosnian accord on snipers

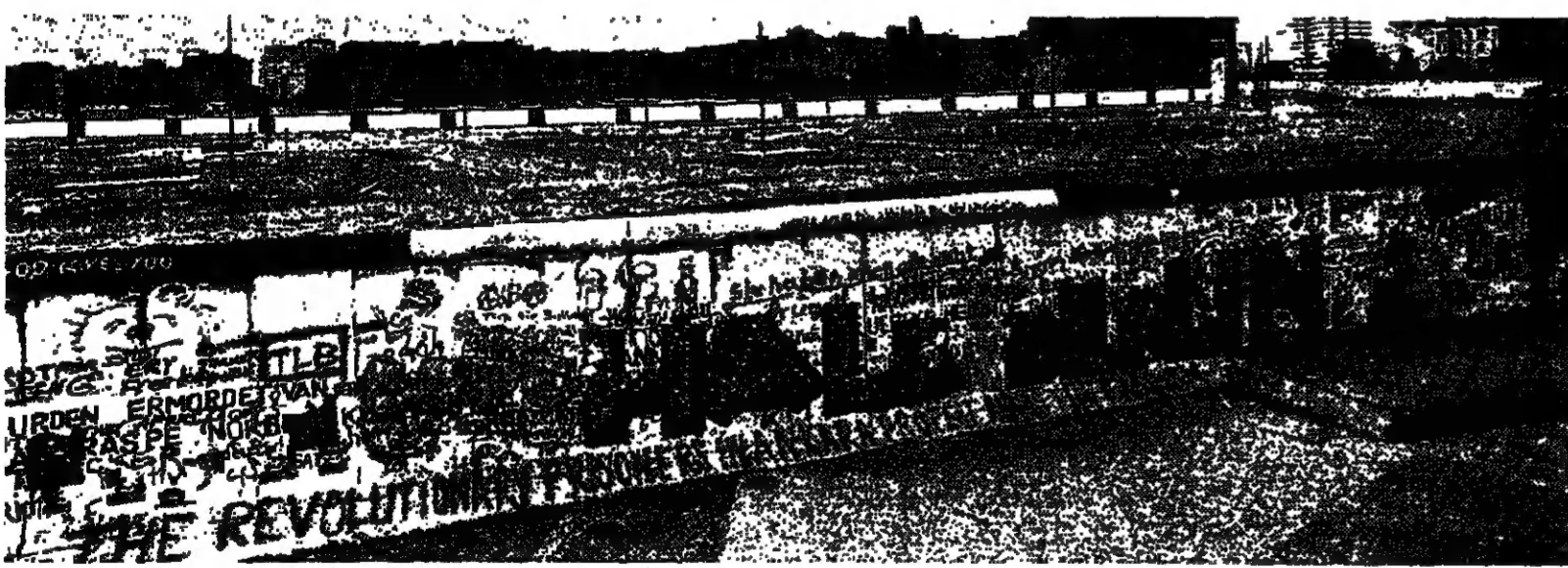
Bosnia's rival Serbs and Muslims yesterday signed a UN-brokered accord to halt sniping in Sarajevo within 24 hours and promised to patrol high-risk areas with UN peacekeepers to stop disobedient marksmen. "The sides shall undertake within 24 hours to issue publicly orders which explicitly forbid sniping activities against military personnel, civilians and UN personnel in the Sarajevo region," the agreement said. The accord was signed by Serb and Muslim political, military and police commanders and UN military chiefs. The sides pledged to form joint patrols with the UN to enforce the accord. Above: Gen Dragomir Milosevic, commander of the Serb Sarajevo Corps, signs the accord. *Reuter, Sarajevo*

## French employment up

Further evidence emerged yesterday of the recovery in the French economy with the news that the number of salaried employees, rose by 60,000, or 0.4 per cent, to just over 9m in the second quarter of this year, according to the Employment Ministry. This continues the upward trend of the first quarter, when salaried employment rose by 0.2 per cent. It follows the news that the overall level of unemployment experienced its biggest fall for four years in June with the number of jobless dropping by 13,000 to 3.53m, or 12.8 per cent of the workforce. Economic growth in France during the first quarter was higher than expected at 0.7 per cent rather than its original estimate of 0.5 per cent. *Alice Kassam, Paris*

## Chechen war of words grows

Russia's rebel region of Chechnya intensified its war of words with Moscow yesterday, threatening to shoot down Russian helicopters flying over parts of the self-declared Caucasian republic. Itar-Tass news agency reported. It said the warning applied only to Russian military helicopters flying over the Nadterechny region, a stronghold of opposition to Chechen President Dzhokhar Dudayev. The republic's general staff believe Russian helicopters are supplying the Moscow-backed opposition to Dudayev. Chechnya, one of 21 semi-autonomous ethnic regions in the Russian Federation, declared independence in 1991 but has not won international recognition. Mr Dudayev imposed a state of emergency on Nadterechny last week and ordered the mobilisation of all men between 15 and 55 in a bid to resist any invasion from Moscow. *Reuter, Moscow*



The Berlin Wall in its heyday: "This is our property and we want it back."

## Berliners demand their homes back

They had gathered on Saturday at the site of the former Berlin Wall in Bernauer street, 33 years to the day after east German troops moved in with bulldozers to divide the city.

About 100 people, many frail

and elderly, stood on this long, narrow strip of wasteland in east Berlin. It had been turned into mud by the torrential rain but they had come determined not to celebrate the collapse of the wall nearly five years ago, but to demand from the German government the right to regain property which they had been forced to leave when east German troops ordered them out of their homes to make way for the wall on the night of August 13 1961.

"All we want is justice," says Mr Wolf-Dietrich Golz, who two years ago helped establish an association for those seeking compensation or restitution.

"The German government refuses to return our property to us," says Mr Golz. "Their excuse is that since all property along the Berlin Wall belonged to the former east German defence ministry, it should automatically be passed under the control of the German state. But why? Why is it that those whose property was confiscated by the Nazis between 1933 and 1945, or by the communists between 1945 and 1990, can seek compensation or restitution, but not us?"

The Berlin Wall was like a snake along 165km of the city, cutting through 3,000 homes.

## Those who lost land when the Berlin Wall went up think it is time to reclaim it, writes Judy Dempsey

"I remember August 13 1961 very well," says Mr Golz, 54. "It was a warm, quiet summer's night. We were living on Finkenkruger Street in Spandau, not in the British zone, but in the eastern Soviet zone. I had been writing a love letter. Then I heard the dogs, the bulldozers, the soldiers. The next morning, I looked out the window. Finkenkruger Street had been divided. We were locked in."

"Even before the wall had been built, it was sheer hell to live there. In the late 1940s, when the Russians carved out their zone in east Berlin, life became very difficult. We were surrounded by guards."

Mr Golz's mother eventually moved to Bavaria, leaving the family home to her son in her will. "I was studying at the time in Dresden. I went back from time to time to my home. Then in 1967, the home was flattened. I received no notification. No compensation. Nothing."

The wall along Finkenkruger Street has since been removed. All that remains is a long avenue of overgrown grass and

shrubs. East and West Berliners can now see each other again. "I want to return there and rebuild my house," says Mr Golz.

Over 1,400 Berliners who once lived on the site of the Berlin Wall want to do the same, or else seek compensation. But Mr Gerhard Schiele, a Free Democrat and member of Berlin's chamber of deputies, says the chances are slim.

"Mr Theo Waigel [the finance minister] does not want to give the claimants any compensation because it would cost too much money. And the justice ministry, which used to be under Mr Klaus Kinkel [now the foreign minister], and who helped draw up the unification treaty, is afraid that if the law is amended it will create a precedent for other property claims. These are the real reasons for the government holding onto their property, which by the way, is very valuable."

The dispute has not only pitted east Berliners against the German government. It has caused a rift between the Berlin Senate and Bonn. "The Senate has repeatedly demanded a change in the law," says Mr Klaus Kinkel, an official from the Senate's justice department. "The Bundesrat [Upper House] last June suggested some degree of restitution or compensation, but the Bundestag [Lower House] will never agree. If it were allowed, it could set a precedent for other claimants. These could include those whose land was expropriated by the Soviet administration in eastern Germany between 1945 and 1949."

Mr Kinkel says the dispute is also delaying investment and planning in Berlin. "We cannot develop large sections of the former wall until this matter is settled," he says. "Investors are very wary."

In the meantime, former property owners along the Berlin Wall are determined to continue their struggle. "This is about justice," says Ms Inge Bergk, a veteran campaigner whose parents had lived on Bernauer Street. "If East Germany no longer exists, then the old law which placed all Berlin Wall property under the communist defence ministry no longer exists as well. This is our property and we want it back."



## Bank Negara signals end to tough battle

By Kieran Cooke  
in Kuala Lumpur

Exhausted, bruised and battered, Bank Negara, Malaysia's central bank, has hung up its gloves after a seven-month battle against currency speculators.

At the end of last week Bank Negara lifted all remaining restrictions which have prevented foreigners holding short term money in ringgit, the Malaysian dollar. The move applied to a range of monetary instruments, from private debt securities to bankers' acceptances, Malaysian government securities to mortgage-backed bonds.

The restrictions were the last of a broad package of measures introduced at the beginning of the year to mop up excess funds in the financial system and prevent the build-up of inflationary pressures. Malaysia's buoyant economy and a stock market which rose 98 per cent last year were partly responsible for the big inflows of funds.

However, the catalyst for the imposition of restrictions was a sudden rush into ringgit by the world's currency speculators. Ironically Bank Negara itself was the main cause of the sudden appetite for the Malaysian currency.

"It's been a long and tough fight," said one Kuala Lumpur money trader. "Many speculators were badly burned when the restrictions came in. But Bank Negara's reputation has taken a bad beating as well."

The trouble began at the end of last year when the central bank bought in large quantities of US dollars to revalue its reserves and reduce year-end book losses caused by the bank's own multi-billion dollar speculation on the foreign exchange markets. In 1993 Bank Negara lost M\$9bn (£2.37bn) in foreign exchange dealings. Forex market losses in 1993 were officially put at M\$5.7bn.

Senior monetary officials now privately admit that the end-1993 manoeuvre was a serious error. While it boosted the book value of Bank Negara's foreign currency and gold reserves in ringgit terms, it also caused the Malaysian currency to fall sharply - from an average of around 2.54 against the US dollar for most of 1993 to 2.73 early in January.

The world's money traders were quick to see an opportunity. They realised what Bank

Negara had been doing and, judging that the ringgit was considerably undervalued, waded into the Malaysian currency. As a result Bank Negara faced trouble on two fronts. Not only was it having to mop up yet more amounts of funds coming into the country; it was also in danger of losing control over its own jealously guarded currency.

By mid-January Bank Negara was hitting back with the first of a series of restrictions designed to defeat the speculators and "capture all inflows of funds from abroad." These included imposing a negative interest rate on foreign held ringgit accounts. The measures sent shockwaves through the currency market with traders moving swiftly to offload ringgit positions. Some were badly burned as they tried to take on Bank Negara.

For several weeks the ringgit stayed in the doldrums, only slowly gaining strength on the US dollar. By early June the Malaysian currency had risen to around 2.60 to the US dollar. After the lifting of the final restrictions last Friday the ringgit was trading at around 2.56.

However, Bank Negara's victory against the speculators has only been achieved at a considerable cost. The bank's international reputation had received a severe battering due to the foreign exchange fiasco.

Imposition of the recent restrictions raised a few eyebrows in the international banking community. Malaysia has prided itself on its liberal and outward looking economic policies. Such restrictions were not seen to be in keeping with worldwide moves towards a more liberal financial regime.

Within Malaysia, Bank Negara's moves were blamed for causing nervousness among foreign fund managers. The flow of foreign funds into the Kuala Lumpur market declined sharply in the first few months of this year.

Money market analysts say Bank Negara now feels that the currency whirlwind has passed. US interest rates are rising but falling in Malaysia; there is now less foreign demand for the ringgit. "It's been a difficult time for Bank Negara," said one Kuala Lumpur merchant banker. "But then its own actions were in many ways the cause of so many of its problems. I'm sure a few lessons have been learned."

## Ruling party in Sri Lanka faces poll challenge

By Stefan Wagstyl and  
Mervyn de Silva in Colombo

Sri Lanka's ruling United National Party, which has governed for 17 years, faces its toughest-ever electoral test in tomorrow's general election.

The party is braced for losing considerable support to a nine-party alliance led by Mrs Srimavo Bandaranaike, the ageing former prime minister, and her 49-year-old daughter Mrs Chandrika Kumaratunga, the alliance's candidate for prime minister.

However, with opinion polls showing widely differing results, it was not clear yesterday whether the opposition could capture enough seats to take power. In the last Parliament, the UNP had 126 out of 225 seats.

Mrs Kumaratunga has been attracting large crowds with her eloquence, energy and populist promises of rises in welfare handouts. But even some supporters are concerned at her reluctance to give details.

Nevertheless, many Sri Lankans believe change is in the air. At the central bus station in Colombo yesterday hundreds of people were preparing to leave to vote in their home towns and villages. Mr UN Dasanatha, a fertiliser salesman,

said: "People are cautious because they don't know Chandrika's policies. But we think it's time for a change."

The UNP has focused on the economic policies of the Sri Lanka Freedom Party, the leader of the opposition alliance, which promoted socialism with disastrous results when it was last in power in the early 1970s. Pictures of food queues adorn UNP posters, with a warning about the danger of voting SLFP.

The opposition has found it hard to hit back directly. IMF-backed pro-market reforms have brought sustained growth in output, exports and foreign investment, with GDP up 5.7 per cent last year.

Mrs Kumaratunga says she will continue with reform but wants future restructuring to have "a human face." She also wants to stop corruption, which she says is widespread in the UNP.

The contestants have trod warily around the continuing civil war in the north between the army and the Tamil Tigers fighting for a separate homeland for the island's Tamil minority. Mr D B Wijetunga, the president, has taken a tough line with the Tigers whereas Mrs Kumaratunga has called for a compromise.

## Tokyo minister forced out in row over war

By Gordon Grubb in Tokyo

A Japanese cabinet minister was forced to resign yesterday after saying that the country did not intend to fight a war of aggression in the 1930s and 1940s and suggesting that the parts of Asia it occupied benefited from the experience.

South Korea and China protested at the comments by Mr Shin Sakurai, director general of the Environment Agency, which he made on Friday and withdrew the same night. His political future became the subject of a weekend tussle between the Liberal Democratic party and the Social Democratic party, the dominant members of the three-party coalition that took power at the end of June.

Mr Sakurai is the fourth Japanese cabinet member in eight years to be

oust because of revulsion in the region over an attempt to put a better gloss on Japan's wartime role.

His departure highlights the lack of contrition among right-leaning Japanese over actions of the imperial army, as well as ideological strains in the coalition of convenience grouping the conservative LDP, the left-wing and traditionally pacifist SDP, and the reformist New Harbinger party.

LDP leaders, while disavowing Mr Sakurai's views, appear to have sought his retention in cabinet after he apologised for having said the war led to independence for Asian countries which had been under the European colonial yoke, "popularisation of education and increased literacy" in those nations, and their subsequent economic success.

Eight to 10 government ministers,

most if not all from the LDP, are expected today - the 49th anniversary of Japan's surrender at the end of the second world war - to pay homage at Tokyo's controversial Yasukuni shrine. The shrine commemorates Japanese war dead and contains remains of a number whom the western allies classified as war criminals.

The weekend episode precedes a South-East Asian tour later this month by Mr Tomichi Murayama, the prime minister. It comes as Japan is debating a wider international role for its Self-Defence Forces, which replaced the Imperial military after US post-war occupation of Japan.

A government advisory panel on Friday presented Mr Murayama with a report recommending that the country "should extricate itself from its security policy of the past that was, if

anything, passive, and henceforth play an active role in shaping a new order" in the world. This would include deploying weapons in United Nations peacekeeping operations.

The government, like its predecessors, is meanwhile agonising over whether and how to compensate those forced to work for the Imperial army in occupied countries, including so-called comfort women required to provide sex for troops.

According to one report, the administration is contemplating a ¥100bn (£646m) aid fund for the victims, about 50 of whom gathered in Tokyo at the weekend to press their case.

Mr Murayama, the SDP leader, is a lifelong socialist who only on becoming premier acknowledged the legitimacy of the Self-Defence Forces as part of a policy compromise with the

LDP. At 70 he is old enough to have had his pacifism motivated by direct recollection of the war, and this weekend drew the line at serving alongside Mr Sakurai, 61, whose stated impression of the era was so different.

Mr Sakurai's comments, in answer to a question at a press conference, were denounced by South Korea's ruling Democratic Liberal party as "tantamount to blasphemy against Asian countries subjected by Japan to numerous pains and sacrifices" and by China as a distortion of history.

In May Mr Shigeto Nagano, justice minister in the then government of Mr Tsutomu Hata, resigned after implying that the 1937 massacre of Chinese civilians in Nanking by Japanese soldiers was a fabrication. Mr Nagano was from Mr Hata's Japan Renewal party.

## FILIPINOS DEMONSTRATE AGAINST BIRTH CONTROL

Hundreds of thousands of Filipinos (left) demonstrate yesterday against a "deluge" of contraceptives in the Third World. Reuter reports from Manila.

The demonstrators, in one of Manila's biggest protests since President Ferdinand Marcos was ousted in 1986, gathered in response to a Roman Catholic church call to oppose a government campaign to cut the country's high population growth.

Cardinal Jaime Sin and former president Corason Aquino led the protest by burning sex magazines and a copy of a document expected to be presented at next month's international meeting on population in Cairo which the church said would promote contraception and abortion.

The Manila rally was a key part of the church's campaign to force the government to retreat from its stance on birth control before the Cairo conference.

Cardinal Sin accused a "global dictatorship" of swamping the Philippines and other developing countries with a "deluge of contraceptive drugs and instruments".

Much of his anger was directed at President Fidel Ramos's government, which has taken on the church in Asia's only Christian-majority nation by refusing to back down on its campaign to promote population control.

The government, which has repeatedly rejected church accusations that it favours abortion, tried to defuse the confrontation by urging people to take part in the rally.

But Mr Ramos, the nation's first Protestant president, strongly supports giving Filipinos the chance to limit their families by using contraceptives. The Philippines has one of the highest population growth rates in the region at 2.4 per cent a year.

## Bolger to press on in NZ after key poll win

By Terry Hall in Wellington

New Zealand's National party government yesterday pledged to continue its reform programme following its narrow victory over the left-wing Alliance party in a weekend by-election.

A loss in the former National party stronghold of Selwyn would have cost the government its one-seat majority, possibly forcing an early election.

The National party's candidate, Mr David Carter, won 6,821 votes against the Alliance's Mr John Wright on 6,275.

The result means that the National party has 50 seats in parliament, Labour 45 and the Alliance and populist New Zealand First two each.

However, the government remains vulnerable to defections as the country prepares to change to a proportional representation voting system. Several MPs are expected to resign to form new right-wing or Christian fundamentalist parties.

Acknowledging this likelihood, the prime minister, Mr Jim Bolger, said he would be approaching right-wing Labour MPs in the coming week to secure their agreement to support the government on crucial issues.

"I'm not asking them to form a coalition but to work to retain the stability of the country," Mr Bolger said. "Any instability now would be very bad for the economy."

Mr Bolger made clear that the government intended to force further controversial legislation through parliament.

This includes shipping deregulation to put New Zealand in the unusual position of allowing international vessels to carry cargo between domestic ports; further asset sales, which are required to meet the government's budget surplus forecasts; and reforms of health and hospital care.

In the by-election, forced by the surprise resignation of the former finance minister, Mrs Ruth Richardson, the National party increased its share of the vote by one percentage point to 42.2 per cent, but saw its majority cut from 388 to 346. But support for Labour collapsed to only 10.3 per cent of the vote, a distant third behind the left-wing Alliance party - a group of five minor parties including the Greens - which won 40.5 per cent.

The Labour leader, Ms Helen Clark, said the drop in support reflected tactical voting for the Alliance, which was seen to have the best chance of ousting the National party.



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## NEWS: INTERNATIONAL

Baby Bells to press for more favourable rules on their access to cable television markets

## Telephone companies to fight Senate bill

By George Graham  
in Washington

US local telephone companies still plan a fight over some portions of the telecommunications bill now making its way towards the Senate floor, even though they accepted a compromise on some of the conditions it would place on their entry into the long distance telephone market.

The seven leading local telephone companies known as the Baby Bells, which were set up by the court-ordered breakup of the AT&T monopoly in 1984, agreed to a compromise on the long distance market that allowed the telecommunications bill to be approved by the Senate commerce committee last week.

But Bell executives are still promising a battle over the bill's rules for allowing them into the cable television market while cable companies are allowed into the local telephone market.

"The key problem for us in the Senate bill right now is the sequencing and timing on cable entry," said Mr Robert Stewart of Pacific Telesis, the Baby Bell that provides local telephone service in California and parts of Nevada.

"The cable companies are basically allowed into our market after a year. The regulatory barriers in place would prob-

ably keep us out of cable for three or four or five years," he added.

A similar telecommunications bill passed the full House of Representatives with relatively little rancour in June. When the full Senate passes its version, the two bills must still be reconciled before the measure can become law. Some supporters of reform fear that Congress is running out of time to complete this before it breaks up for November's elections.

The cable companies represent probably the most serious threat to the Bells' monopoly over local telephone service.

While some long distance companies have used the argument that the Bells face no competition in their core market during the debate over the bill, it is not thought that many of them will want to go to the expense of running wires into consumers' homes. Cable companies, however, already have a network on which they might be able to carry telecommunications besides their current television programming.

The Senate bill agreed by the commerce committee last week would allow the cable companies to provide telephone service without restriction one year after enactment. But Bell officials complain that they would have to wait for the Fed-

eral Communications Commission to lay out new regulations for universal service before they could enter the cable market, which could delay them for years.

The commerce committee agreed, however, to an amendment that would prevent the new telecommunications bill from overriding court decisions or state laws that have already opened the door for Bell companies wishing to provide video services.

This could have implications for Nynex, the New York and New England Bell, which is already affected by New York state laws opening up competition, and for Bell Atlantic and US West, two other regional Bells, which have won court decisions in favour of their right to own cable companies.

Many senators feel, however, that they promised the cable industry a degree of protection from the Bells when in earlier legislation they required cable companies to carry certain types of programming.

"In the Cable Act we did assure the cable companies that because of the extraordinary regulations imposed on them, we would protect them from the intrusions of the telephone companies," said Senator Daniel Inouye of Hawaii during arguments over the telecommunications bill last week.

## Indonesia spurns US pressure over workers' rights

By Manuela Saragosa  
in Jakarta

Indonesian police arrested the leader of the country's largest independent trade union at the weekend only days after the US indicated it was likely to delay a decision on whether to continue extending a trade privilege to Jakarta that hinges on workers' rights.

Mr Muchtar Pakpahan, chairman of the independent Indonesian Welfare Labour Union, was arrested in connection with violent labour demonstrations in the North Sumatran town of Medan in April this year.

Police reports said Mr Pakpahan was arrested because he was engaging in "criminal acts which were likely to lure other people into criminality".

The government only recognises the SPSP, a union run by state bureaucrats which tows the government line.

The issue of workers' rights has been a thorn in Jakarta's relations with Washington, which had already postponed by six months a decision due

last February on the Generalised System of Preferences (GSP). On Tuesday, the US said Indonesia needed to do more, despite recent progress on worker rights but said it would delay a decision on renewing the country's GSP status.

The delay did not come as a surprise to Jakarta. It would have been awkward for Washington to revoke Indonesia's GSP status three months before President Clinton is due in Indonesia for the Asia Pacific Economic Co-operation summit which Indonesia's President Suharto is hosting.

Under GSP, Indonesian manufactured goods are allowed duty-free entry into the US, helping textile and footwear exports in particular. However, the value of exports benefiting from GSP status is small. Last year \$600m worth of Indonesian exports went to the US under GSP, which represented only 16 per cent of total Indonesian exports to the US. Economists say that if Indonesia's GSP status was revoked between \$60m and \$70m worth of trade would be lost.

## Dominican Republic to delay poll

The Dominican Republic's National Assembly voted yesterday to delay new presidential elections intended to end the country's three-month leadership crisis, Reuters reports from Santo Domingo.

The assembly voted to hold elections on May 16 1996, rejecting a pact agreed last Wednesday between the Dominican president and the opposition leader to hold the poll on November 16 1995.

Dominican politics have been locked in a crisis since allegations of fraud surfaced during May's presidential elections. Incumbent President Mr Joaquín Balaguer beat his closest competitor, Mr José Francisco Peña Gómez of the Dominican Revolutionary Party (PRD), by about 1 per cent, or 22,000, of votes cast.

Mr Peña Gómez has charged that thousands of PRD members were illicitly denied the ballot.

His charges have been echoed by international election observers who said there was evidence of voting fraud. Dominican authorities agreed, but said they could not determine which party benefited.

## Korean accord is only a first step

John Burton reports on causes of optimism and worry in the US pact with the North

The framework agreement concluded between the US and North Korea on Friday night amounts to a diplomatic roadmap for an eventual solution to the dispute over Pyongyang's nuclear programme.

The essence of the accord is that the US promises to improve diplomatic and economic relations with North Korea in return for Pyongyang's acceptance of full nuclear inspections and restrictions on its ability to produce plutonium, the core ingredient for nuclear weapons.

But analysts warn the deal could still come unstuck over technical details, which will be the subject of negotiations beginning in late September.

The new accord contains many of the same elements in an US-North Korean agreement reached in July 1993, but which subsequently unravelled over disputes about how it would be implemented. It is also similar to the plan outlined by former US President Jimmy Carter during his mediation mission to North Korea in June.

The key difference between the new agreement and the July 1993 one is that the US this time has made explicit promises to North Korea for its

compliance with international nuclear safeguards instead of offering vague incentives as it did earlier.

The accord also helps resolve procedural issues on the implementation of any agreement, which has been a main stumbling block to a solution.

The US has accepted North Korea's proposal for a package deal and abandoned its step-by-step approach that would have forced Pyongyang to make concessions first. This indicates there "is an improvement in their mutual trust," said Mr Han Sung-joo, the South Korean foreign minister.

The preliminary agreement consists of four main steps: North Korea will replace its plutonium-generating gas-cooled graphite reactors with light-water reactors, which are safer, easier to inspect and depend on imported enriched uranium for fuel.

It will halt the construction of two 50MW and 200MW reactors, which would complement its current 5MW reactor. It also promises to forego the reprocessing of spent nuclear fuel into plutonium, and seal its

"radiochemical laboratory", which is suspected to be a reprocessing plant.

The US, in turn, will arrange for the supply of light-water reactors, which will be constructed in eight to 10 years and be capable of producing 2,000MW, which will significantly ease North Korea's energy shortage. Financing for the estimated \$2bn-\$4bn project is expected to be provided by Japan, while South Korea wants to supply the nuclear reactors. In the meantime, the US will arrange for interim energy supplies, such as oil shipments, while the light-water reactors are being built.

The US and North Korea will establish some form of diplomatic representation in each other's capitals, possibly beginning with liaison offices, and reduce barriers to trade and investment, including the possible lifting of the US trade embargo against North Korea.

The US will offer assurances to North Korea banning the threat or use of nuclear weapons if Pyongyang agrees to implement its 1991 non-nuclear pact with South Korea,

which includes mutual nuclear inspections.

North Korea will remain a party to the nuclear non-proliferation treaty (NPT) and a member of the International Atomic Energy Agency. This would oblige North Korea to accept special inspections of two nuclear waste dumps to determine how much plutonium it has already produced for suspected nuclear weapons.

The demand for special inspections by the IAEA triggered the nuclear dispute in March 1993, with North Korea threatening to withdraw from the NPT.

Negotiations on the technical details of the accord will begin in Geneva on September 23. In the meantime, North Korea has agreed not to reprocess spent nuclear fuel rods recently withdrawn from its reactors.

But the future fate of the fuel rods, with the two sides disagreeing on their disposal, indicates the complexity of the negotiations that lie ahead. North Korea wants to bury

them in concrete to prevent radiation leakage, while the US wants to transfer them to a third country, possibly China, for reprocessing to prevent Pyongyang from using them as a possible bargaining chip.

The comprehensive breadth of the agreement, with its provisions interlinked, could slow down future negotiations and any serious disputes could threaten the implementation of the accord.

The issues to be tackled are difficult and their resolution must also be co-ordinated with progress in inter-Korean relations, which recently have hit a rough patch.

But the conclusion of the agreement may put pressure on South Korea to ease its recent propaganda attacks on the North. Seoul cautiously welcomed the agreement, explaining it "made clear the principles to be followed by both sides in their further efforts to find an ultimate solution to the nuclear issue".

Another cause of optimism is that the US-North Korean accord was concluded after only a week of talks, indicating that North Korea's new leadership may be ready to resolve the nuclear dispute in a first step to open the country to foreign investment.

## Israel and Palestinians settle customs accord

By Julian O'zanne in Jerusalem

Israel and the Palestinians agreed customs and indirect tax measures yesterday and said they were close to finalising an accord on the next phase of their peace process - transfer of administrative powers from Israel to Palestinian hands in the occupied West Bank.

The peace moves came as one Israeli was killed and six were hurt in two separate ambushes in the Gaza Strip by gunmen of the Hamas Islamic Resistance movement, which opposes the peace process between Israel and the Palestine Liberation Organisation.

Israeli customs officials said they had completed customs and VAT agreements with the PLO - a critical step in the delayed implementation of the Israeli-PLO economic protocol. The move will ease the financial constraints of the cash-strapped Palestinian treasury.

Next Sunday the Palestinians will establish their own customs and immigration channels at the Rafah and Allenby bridge crossings into Gaza and Jericho removing one of the sorest points of friction between the two sides.

Under the economic accord Israel will collect customs on Palestinian imports through Israeli ports, airports and land terminals and transfer the duties to the Palestinian treasury. Ms Edit Lev, customs spokeswoman, said Israel had paid the Palestinians \$147m (\$149m) in customs duties last week and was preparing a further transfer of \$146.5m in coming days.



Rabin: demanded PLO prove its revenue collection abilities

In future, however, the customs transfer would be made on a day-to-day basis rather than in irregular lump sum payments.

Mr Uri Savir, the head of Israel's foreign ministry, said Israel and the PLO were close to concluding an agreement on "early empowerment" - the transfer of power from Israel to Palestinian hands over West Bank education, health, social welfare, direct taxation and tourism.

Mr Savir said the only big obstacle left for a flurry of intensive talks starting today at the Israeli-Gaza border was direct taxation of the West Bank's nearly 1m people.

Israel, which will keep troops in the West Bank until the eve of Palestinian elections due in mid-December, fears that the Palestinians will ease tax collection, causing a fall in the

level of services and the possible eruption of social discontent.

Mr Oded Eran, a senior foreign ministry official, said Israel and the PLO were making a joint effort to raise money abroad to meet a possible gap in revenue collection. The worst-case being discussed with donors involves providing budgetary assistance of \$8.5m (\$8.1m) a month for six months to bridge the expected shortfall.

Outraged PLO officials say Israeli Prime Minister Yitzhak Rabin last week demanded the PLO prove its revenue collection abilities as a pre-condition for early empowerment - a condition not agreed in any accords. The Palestinians dismiss Israel's concerns about tax collection, describing the matter as an "internal Palestinian issue". They are also pressing to levy direct taxation on the up to 120,000 Jewish settlers resident in the West Bank - a move Israel firmly opposes.

Despite the differences, substantial progress on early empowerment is expected when Mr Shimon Peres, Israeli foreign minister and Mr Nabil Shaath, senior PLO negotiator, meet in Egypt on Wednesday. At the meeting the PLO will also present its plans for elections and demand that Israeli troops in the West Bank complete redeployment out of Palestinian population centres several months before election day to allow a free election campaign.

Mr Yasser Arafat, PLO Chairman, is expected in Egypt today to brief President Hosni Mubarak ahead of the talks.

## Brazil seeks aid for regional integration costs

By Stephen Fidler, Latin America Editor, in São Paulo

The Brazilian government has proposed that new financing should be made available to support regions hurt by the movement toward economic integration in Latin America.

Mr Celso Amorim, foreign minister, said his government had suggested that this and other proposals should be discussed at the summit of American leaders called by US President Bill Clinton to take place in Miami in December.

Mr Amorim told a small group of foreign journalists in Brasília that the proposal was one of several made by Brazil which reflected its hope that the summit "will be more than a media event".

The suggestion was that funds should be made available by the Inter-American Development Bank to support the free trade effort in Latin America. The money should "not only support regional projects such as roads or electricity generation, but also help economic adjustment in areas that are affected by integration". Integration was beneficial, "but there are sectors that suffer in the process," he said.

It was also seeking fuller discussions with the US on its anti-dumping rules "that very often work in ways that we consider arbitrary".

Brasília also backed a Venezuelan proposal to increase international co-operation to tackle corruption in government. Such co-operation should include the ability to gain evidence from examination of bank accounts in other countries to help investigate corruption cases, he said.

Brazil had also proposed funds from the IADB or the Organisation of American States for the creation of a special agency - "a kind of UN Development Programme" - to cover the issue of human rights.

## Tough start for Ernesto Samper

Sarita Kendall on a week of graft, murder and attacks in Colombia

Colombian President Ernesto Samper's presidency got off to an eventful start. His first week in office included a political assassination, several guerrilla attacks and a police emergency in Cali, where senior officers were sacked or suspended for receiving money from the city's cocaine cartel.

The shooting of Mr Manuel Cepeda - the left wing Patriotic Union party's only senator and a long-time member of the central committee of the Colombian Communist party, sparked rioting, strikes and recriminations. Mr Cepeda had been threatened a number of times and party militants immediately attributed his killing to right-wing paramilitaries. His death is a serious setback to the government's hopes of reviving a dialogue with the guerrillas, not least because Mr Cepeda would have been a channel for reaching the old style communist line Revolutionary Armed Forces of Colombia (FARC).

During his first week, the president also had to contend with a series of corruption scandals among the police force in Cali. The scandals were so extensive that the government called a "disciplinary emergency" and announced the creation of a special counter-intelligence brigade within the police. More than 50 officers, including 36 officers, were sacked for accepting money from drug traffickers.

In an effort to make some sort of positive mark in his inaugural week, the president announced a series of social and economic measures in line with his campaign promises to

increase social investment and speed up devaluation.

Mr Samper launched a \$4.6bn (\$3bn) four-year social welfare programme aimed initially at 3m of Colombia's 12m people living in poverty. Most of the money will come from the national budget and foreign loans, but the municipalities will have to provide over a quarter of the funds, a figure which some analysts consider unrealistic even though transfers to local government are increasing.

The two biggest items in the "social welfare network" are food assistance for mothers and small children and housing subsidies for half a million families. The programme also includes employment schemes, training for young people, subsidies for single mothers to ensure their children can go to primary school and welfare provision for the elderly. Some of these schemes are a continuation of programmes begun under the previous government but are geared more specifically to the poorest sectors of the population.

The economic measures include restrictions on private foreign borrowing. Mr Guillermo Perry, finance minister, says the government plans to prevent further revaluation of the peso and wants to maintain a real exchange rate reflecting the difference between internal and external inflation rates. One of the main problems will be to manage steep increases in coffee and oil income - \$1.8bn in coffee earnings is forecast by the end of 1995 and soon after Osiama oil output is forecast to rise.

## Jungle convention takes centre stage

### MEXICO

By Damian Fraser

The most passionately held debate in Mexico's press last week was not, as might have been expected, on next Sunday's presidential election, but on a rebel-organised "convention of democracy", held deep in the jungle in the southern state of Chiapas.

The convention had been called by Subcomandante Marcos, the media-obsessed rebel leader, after he rejected a government offer for peace in Chiapas in June. Despite a lack of accommodation, water and electricity, and a 20-hour bus journey from the nearest town, some 5,000 delegates, accompanied by several hundred journalists, made the trip.

To Mexico's leftist and independent newspapers the convention was one of the year's political highlights, a meeting in which the rebel Zapatista movement's future might be determined. Exercising a freedom that only a few years ago would have been unimaginable, a handful of newspapers devoted dozens of generally favourable articles to the convention.

But to the right-wing, generally pro-government press, the convention either hardly mattered, or was seen as an attempt by a group of armed men to convert themselves into heads of a national revolutionary movement. In this quarter of the press, the meeting was barely reported at all, or stridently denounced.

Proceso, Mexico's main weekly news magazine, led the pro-convention wing of the press, devoting two issues to the event before it began. The first carried a long, fawning interview



Zapatista guerrillas parade at the start of last week's convention in Chiapas state

with Marcos, who is famous enough for the cover photograph to feature just one of his eyes peering through his trademark balacava. Marcos claimed extravagantly that the convention was the last hope of preventing Mexico slipping into civil war.

Its second convention issue began with Marcos's unsubstantiated claim that the government has sought to buy him off with money.

Desperate not to be outdone, *La Jornada*, a daily read by Mexico City's intellectual elite, sent one of the country's best-known writers, Ellana Poniatowska, to interview Marcos for a three-part series. The paper commis-

sioned opinion pieces for and against the convention for the best part of two weeks.

After the convention finally began, there was nothing to read about for two days. Marcos had imposed a news blackout, supposedly to prevent competition for scoops, but more likely to keep control on what was written. Journalists had to promise not to bring satellite telephones into the jungle, nor to smuggle stories out by messenger.

After the convention ended - a day early because torrential rain destroyed the hand-made convention centre - *La Jornada* and a handful of

others reported in voluminous detail the delegates' promise to shut down Mexico if there were fraud in the presidential election, along with Marcos's pledge to submit to the orders of the convention leaders, and not to be the first to take up arms.

*La Jornada* immediately described the meeting as a great success. In an editorial, entitled "Benefits of the Convention", the newspaper claimed the meeting had a positive response from diverse groups of society. "The Convention was, more than an illegal assembly of guerrillas (as some political leaders, businessmen and citizens pretend to see it), a reunion where the

search for political solutions instead of military short cuts prevailed."

Elsewhere the view could hardly have been more different. Marcos had banned several newspapers and both Mexico's main television networks from the convention, and all those not present fiercely attacked the rebel leader for censoring the press.

Even *La Jornada's* correspondent seemed concerned when Marcos turned away the correspondent from *Univision*, the US Spanish-language network, on the grounds that *Univision* was controlled by *Televisa*, the Mexican television station that never puts Marcos on the air.

*La Prensa*, a best-selling tabloid, attacked the convention through its main columnist, Juan Bustillos. "With zero representativeness, the Zapatista convention was a democratic lie. For groups without national representation to discuss national issues, as if this right belonged only to them, and pretend their conclusions speak for the entire nation is madness or unreason," he concluded.

When the meeting finally ended, Marcos's pledge to submit the Zapatistas to new civilian orders was ridiculed by the editor of *Summa*, a new business daily with close links to *Televisa*. *Summa* had earlier in the year told its readers in an exclusive that Marcos was a former Jesuit priest, who is now suing the newspaper for libel, and has taken it upon itself to lead the anti-Zapatista attack.

"The National Convention of Democracy was a total failure," wrote José Pérez Stuart, *Summa's* editor. "Independently of the weather, it collapsed."

Just winning is not good enough, Page 13



June 6, 1994: The sky, as seen on Lufthansa



## NEWS: UK

# Daily spot market for gas prices proposed

By Deborah Hargreaves

An electricity-type pool for setting daily gas prices could be set up when the UK household supply business is opened to competition in 1996, according to a proposal by Morgan Stanley, the US investment bank.

Ofgas, the industry regulator, is keen to see the development of such a "spot" market for gas sales and is due to issue a consultation paper on the proposals by the end of the month.

"We'd like to see the creation of a daily 'spot' market, but if it's to be successful it must be what people want, we can't impose it on the industry," said Mr Mark Higson, director

of network operations at Ofgas. Morgan Stanley's proposal which was formulated jointly with the regional electricity companies, Eastern Electricity and ManWeb, both of which have gas supply arms, would set up a daily commodity market for gas sales and purchases.

Almost half of the gas used in the US is traded on this daily spot basis following the deregulation of gas distribution over 10 years ago. A natural gas futures contract also trades on the New York Mercantile Exchange.

"There has to be some amount of trading if you want competition to work," said Mr Harry Moulson, head of British Gas's pipelines division,

TransCo. British Gas has set up a joint venture trading arm called Accord with Natural Gas Clearing House, the largest independent gas trading company in the US, to act as a broker in any new market.

Independent gas companies already trade small amounts of gas on the telephone, but once the household market is opened up, there will be a need for larger quantities to change hands in a more formal marketplace.

By the end of August, Ofgas will ask gas companies to give their views on Morgan Stanley's market structure and how this would operate with British Gas's suggestions on balancing supply and demand on a daily basis.

The need for a daily spot market arises from the necessity to iron out fluctuations in the amount of gas in the national pipelines network when British Gas's monopoly over domestic supply is removed in April 1996.

If an imbalance is created by rival suppliers putting in too much or too little gas to the national network, households could find they are cut off. In the worst case, an explosion could be caused. Since it is difficult for suppliers to find out whether they are providing an adequate amount of gas to the system each day, British Gas has suggested it makes emergency purchases of gas and later charges those companies which were not bal-

anced. But TransCo does not want to get involved in a wider commodity market.

Morgan Stanley's approach envisages a much wider market structure as an arena where all participants can buy and sell gas at a centrally-cleared price. "The advantage of this system is that it could provide a liquid market with a transparent pricing structure," said Mr Higson.

But some shippers are wary of creating a spot market too soon. "I've no doubt a spot market will develop in time at the physical gas terminals such as St Fergus, in Aberdeenshire, but we don't want to rush it," one supplier said.

## Britain in brief



## Talks with US health group rapped

The government's health plans yesterday came under renewed attack after Mr Tom Sackville, the UK health minister, said he had held discussions with a US healthcare group on the provision of services to the National Health Service.

The Labour party accused the government of attempting to sell-off the NHS to companies "seeking to escape [US President] Bill Clinton's efforts at cost-cutting".

Conservative backbench MPs also expressed deep unease at the unpopular decision which the government may be forced to take by rising health costs.

Mr Sackville said he had held discussions in June with Salick Healthcare, which was "one of a number of American companies who are trying to gain a foothold in the UK".

However, he insisted that he had told the company, which specialises in diagnostic and therapeutic services for patients suffering from cancer and kidney failure, that his department was "neutral" in any decisions taken by NHS trusts or fund-holding general practitioners to buy services from external sources. He said he merely encouraged the health service to co-operate with the private sector.

The Department of Health denied any health service hospitals had been put on sale. It said: "The NHS is not for sale, and neither are any NHS hospitals."

Mr David Blunkett, Labour's health spokesman, said the US companies were "seeking to soak the British taxpayer with the aid and approval of government ministers".

## Exports 'set for strong growth'

Britain's exports are set for strong growth as the rest of Europe moves into economic recovery, according to two reports published today.

The Lloyds Bank Quarterly Economic Bulletin says falling relative labour costs mean UK companies are well placed to take advantage of stronger European Union markets.

Mr Trevor Williams, Lloyds' senior economist, says: "Prospects for UK export growth seem to be the best for a decade."

"Relative unit labour costs improved by about 15 per cent in 1993, a much better gain than for the 1980s. After jumping 10 per cent last year, export price growth is expected to be barely positive in the next two years, helped by low domestic inflation."

This optimism is shared by Professor Douglas McWilliams in the quarterly economic report of the Chartered Institute of Marketing.

He says: "Surveys show a powerful growth in export orders and it would be reasonable to expect continued sales growth as the world's economic revival spreads."

## Crack found in Concorde wing

Airline cracks have been found in the wings of seven British Airways Concordes, the company has confirmed. "We have repaired two of them and are working to repair the others one by one," it said.

The Civil Aviation Authority said it had allowed the Concorde yet to be repaired to remain in service on the basis that they are checked after every 10 flights.

The airlines are not in a high-tension area or one that has anything that has a bearing on safety, it said.

The cracks were found during a routine inspection in May and other aircraft were then brought in for inspection.

## Scots rail crash probed

Accident investigators spent the weekend at the scene of Saturday night's rail crash near Edinburgh in which 69 people were injured.

The crash happened when a driverless 100-tonne locomotive rolled out of the city's Waverley Station for a mile before colliding with the Newquay-Edinburgh InterCity train at Abbeyhill, a mile east of Edinburgh.

## Edinburgh poised for profitable festival

By Antony Thorncroft

The Edinburgh International Festival opened last night with a performance at the Usher Hall of Mahler's 8th Symphony by the Royal Scottish National Orchestra, a suitably rousing curtain-raiser to the largest annual cultural gathering in the world.

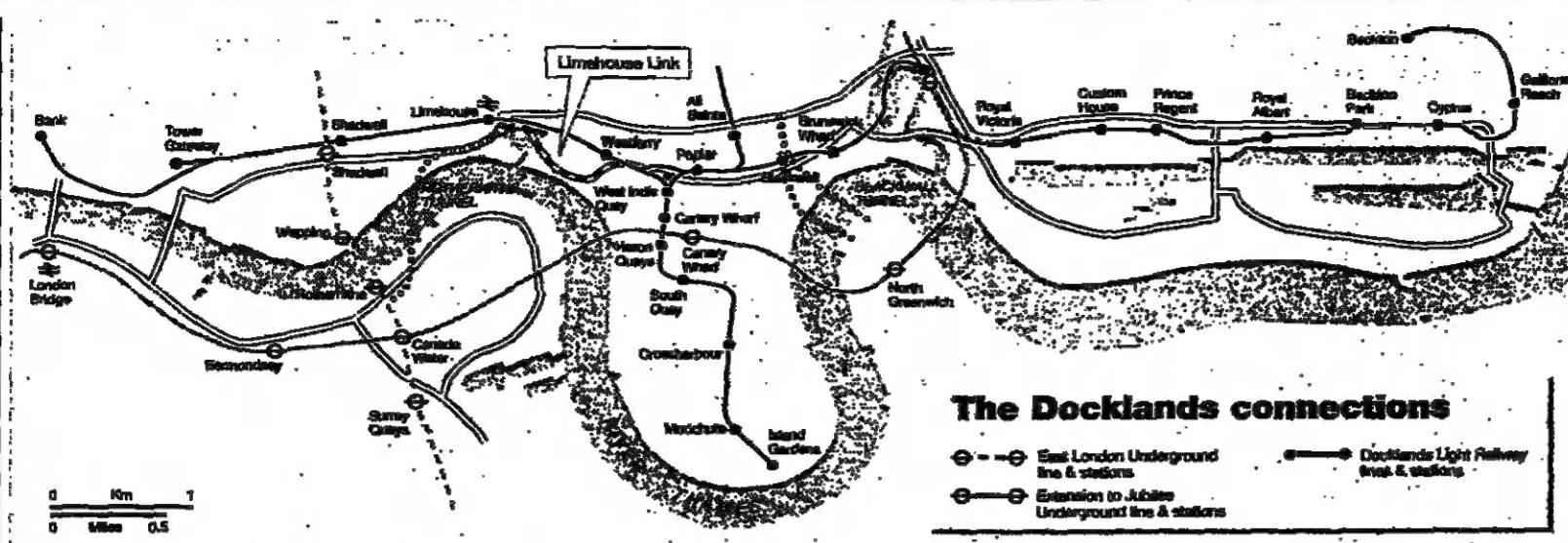
For the next three weeks Edinburgh plays host to four major festivals, plus the popular Military Tattoo. As well as the International Arts Festival, there is the Fringe, the Film Festival, and a Jazz Festival. At the end of the month the television world gathers for its annual conference.

This year's International Festival, directed for the third time by Mr Brian Macfarlane, promises to be the most successful for many years. The box office has already taken £1.5m towards its £2m target, while the new Festival Theatre will be open for large-scale opera productions.

Among dance troupes in Edinburgh are Miami City Ballet, the Mark Morris Dance Group and Merce Cunningham, while the highlights of an impressive drama programme are the world premiere of Canadian director Robert Lepage's *The Seven Streams of the River Ota* and the return of German director Peter Stein with a performance in Russian of the *Oresteia* lasting over seven hours.

Last year's Edinburgh Festival made a small profit and with local authorities contributing well over £1m in subsidy and corporate sponsorship almost as much, the 1994 Festival should also end up in the black despite the need to sell 20 per cent more tickets.

The Festival brings over £30m to the Edinburgh economy. Its main competitor for custom is the world premiere of Canadian director Robert Lepage's *The Seven Streams of the River Ota* and the return of German director Peter Stein with a performance in Russian of the *Oresteia* lasting over seven hours.



## Clouds clearing over Docklands property

What have Texaco, the oil company, Thalco, a beauty products maker, the European Agency for the Evaluation of Medicinal Products and an unnamed Hong Kong purchaser of 25 Barratt homes got in common?

The answer is that all four have decided in the past 18 months to occupy commercial premises or invest in London's former docklands. After more than four years of harsh recession, spring suddenly has re-emerged in one of Britain's hardest hit property markets.

According to the London Docklands Development Corporation, 500,000 sq ft of offices was let during the 12 months to the end of March, the largest annual total since 1987 and 50 per cent more than the previ-

ous two years combined. Since January, 500,000 sq ft has been let and there are firm inquiries for another 1m sq ft. Mr Mike Sigmund, head of property development at the corporation says: "At this rate commercial lettings should top 1m sq ft this [financial] year for the first time in Docklands' history."

House sales and prices also have picked up. Barratt says it is selling homes faster than it can complete them at its riverside Sovereign View housing development next to the former Surrey Docks, where three quarters of the 300 homes planned have been sold. Twenty-five went to a single Hong Kong investor earlier this year.

Land prices are still about

fifth below their late 1980s peak but demand for dockland property is rising, particularly from Far Eastern investors. House prices which generally had fallen by 35-40 per cent from their peak are estimated by the corporation to have risen by about 15 per cent since Autumn 1992.

It says builders sold 700 new private sector homes during the first six months of this year leaving just 31 new units unoccupied, compared with an unsold stock of 1,500 new homes in 1988-89.

The stock of unoccupied offices will take much longer to disappear. The corporation estimated that there was there was about 5m sq ft of empty commercial space, representing a vacancy rate of 39 per

cent, at the end of last month.

Four fifths of this empty space is on the Isle of Dogs, home of the massive Canary Wharf development which came out of receivership last year and is now owned by a group of ten bankers.

Lettings, nonetheless, have increased sharply with Canary Wharf now more than 50 per cent let to tenants such as the European Agency for the Evaluation of Medicinal Products, London Underground, Mirror Group Newspapers, Credit Suisse First Boston and Texaco.

Texaco moved last year from its former headquarters in Knightsbridge in London's West End, where its lease had run out, to a new 250,000 sq ft air conditioned building at Canary Wharf.

A more recent arrival is Thalco Cosmetic, the UK subsidiary of a French beauty and health products group, which three weeks ago moved into offices at Millharbour.

Initial rents range from about \$5.50 to \$25 a sq ft with an average of about \$10 says the corporation. A better guide to the improvement in the market is a reduction in sales incentives with rent free periods offered by developers falling from three to four years to about a year to 18 months.

Andrew Taylor

## Cable network may hand government a £1bn windfall

Ninety per cent of UK homes could hook up in the next decade, writes Andrew Adonis

A new wave of cable construction over the next decade is likely to make cable services available to nine in ten British households and could net the government more than £1bn, according to the Cable Television Association.

The association, which represents the mainly US-owned companies building cable television and telephone networks, believes up to 100 new licences are likely to be granted over the next three years, as cable companies seek to extend their networks to smaller towns and rural areas.

Existing cable licences cover about 14.5m homes, about 70 per cent of the UK total, although fewer than 1m homes have been connected. Cable operators are projected to spend more than £5bn over the next five years constructing networks in the 130 areas already franchised.

Mr Richard Woollam, director general of the Cable Television Association, said: "There is strong interest among operators in extending their net-

works, perhaps by using radio technology to provide connections in less populous areas."

He said this could lead to the granting of franchises covering up to 4m additional homes, putting cable within reach of about 90 per cent of the UK's population.

Licences to build cable systems are granted by the Independent Television Commission under the 1990 Broadcasting Act. It awards them for areas of up to about 500,000

people after an auction. The proceeds go to the government.

The most recent licence to be awarded, covering west Kent, went to Eurobell, a cable operator with franchises in the Crawley area of West Sussex and in Devon. Eurobell will pay £1.6m upfront, then 2 per cent of television revenues after five years of operation.

The west Kent franchise - a mix of urban, semi-rural and rural communities - is typical of future franchise areas. More

than two-thirds of its 100,000 residents live in Tunbridge Wells and Sevenoaks and their immediate surroundings. Eurobell plans to build wire-based networks in those towns, but will pioneer radio technology for the rest of the area.

The ITC has three licence applications pending - the Blackpool area, south-east Anglia, and parts of Derbyshire.

A US regional telecoms operator with extensive UK cable

interests is believed to have bid £800,000 for the Blackpool franchise.

The ITC said it anticipated an increase in demand for cable licences for areas not already franchised. The largest franchises expected is for Belfast, which could cover up to 500,000 homes if extended to the whole of Northern Ireland.

A recent Commons trade and industry committee report on "superhighways" called for areas not yet franchised to be

offered to operators by the end of next year. That target is widely regarded as over-ambitious, but pressure on the ITC to ensure that most of the UK has an operator able to offer cable services is likely to grow.

According to the FT's media markets newsletter, the ITC has rejected a proposal by Mercury, the main competitor to BT, which would have allowed the telecoms operator to build a television microwave system across those parts of the UK not already covered by cable franchises.

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Taiwan's ancient sport has acquired a special dimension for civil engineering, writes Richard Donkin

## Dragon boats in contract race

The sculpted ice model of a dragon-shaped boat dripped water from its nostrils under the heat of spotlights at the Taipei Bankers Club.

The occasion was a reception held by Nuclear Electric, the UK's state-owned nuclear power company, which had gathered its team of local contractors for a progress report on what may be one of Britain's most lucrative civil engineering projects - the construction of a \$1.4bn nuclear power station in Taiwan.

The reception and the model had been arranged around the Nuclear Electric team's visit to compete in Taiwan's annual dragon boat races a few weeks ago.

The roots of this sport, in which large canoe-like boats sprint frantically across each other over a few hundred metres, go back to ancient China. Today it is part of the sporting calendar in Taiwan, China and Hong Kong. In India and Bangladesh, the vessels are called peacock boats, in Japan perian boats.

Since the annual Hong Kong dragon boat festival introduced international races in 1976, corporate teams and rowing clubs have developed the sport across the globe; it is proving increasingly popular because of its team-building qualities and scope for sponsorship.

Nuclear Electric has advanced the concept, using its dragon boat team as ambassadors for the company, both in the field of nuclear politics and in the more subtle art of securing business in East Asia.

It was no coincidence that the dragon boat was in Taipei at the same time that Taipower, the potential customer, was considering sealed bids for the Lungmen Island nuclear power plant project at Yen-liao, 40 miles north of Taipei.

The British company crew could not directly influence the bid - one of three submitted by worldwide consortia - but the feeling was that by demonstrating its interest in Taiwanese sport, Nuclear Electric was helping to make its presence felt more acutely in a difficult market for British companies.

The impact of dragon boat racing in East Asia should not be underestimated. According to figures supplied by the British Dragon Boat Racing Association, the sport has grown so large in China that 20m Chinese now compete. Grandstands and a four-star hotel are being constructed at Yueyang, in Hunan, the spiritual home of the sport and the site of its first official world championships in June next year.

In the contract bidding, one of Nuclear Electric's problems has been that nominally it is merely the principal sub-contractor in a bid headed by Westinghouse, the US conglomerate. According to executives, Taipower was against the submission of joint bids.

So the challenge has been to ensure that the Taiwanese are fully aware of its contribution to what it considers is as much a European as a US bid, while not disturbing its relationship with Westinghouse or its growing understanding with Taipower. Rival consortia are led by

Combustion Engineering, a US subsidiary of ABB, the Swiss-Swedish engineering group, and Framatome, of France.

Guy Stanton, a commercial services executive and, until a few weeks ago, Nuclear Electric's only representative in Taiwan, is the man charged with leading the delicate negotiations.

"My role has been to raise the profile of Nuclear Electric in a country that had neither heard of the company nor of Sizewell B, the pressure water reactor that we designed [in the UK] and which forms the basis of this bid," he explains.

"In Taiwanese eyes, we are a contractor, but it's critical that we have a presence since it's our design that we are selling, and we have as big an interest as Westinghouse in the project."

While local contractors would be involved in much of the construction, the deal, to build a power plant that, like Sizewell B, is double the capacity of Sizewell C, would be worth \$700m and 5,000 jobs for UK exporters, almost equal to the whole of UK exports to the country in 1993.

But the British company is up against a French design, older but almost certainly cheaper, and a US bid which is state of the art. In commercial terms, the biggest obstacle may prove to be price, even allowing for the series of industrial incentives for Taiwan built into the Westinghouse/Nuclear Electric proposal.

Politics is also bound to play a part, however, since none of the nations bidding for contracts officially recognises Taiwan. Each treads a diplomatic tightrope.

Philip Morris, director of the British Trade and Cultural Office, which has a significant but discreet Foreign Office involvement, is the nearest the UK has to an ambassador in Taipei. He has only now succeeded in calming tensions caused by political reservations and adverse UK press reactions to the \$157m Hualon textile group investment in Northern Ireland, supported by a \$61m grant from the UK public purse.

One of his chief roles is to promote the Westinghouse-Nuclear Electric power station bid. One way to do so is to highlight the difficulties that have emerged in Taiwan's biggest transport project, the French-built Mass Rapid Transit

System, still unfinished after problems with an untried rail car. "It's the most expensive transport system in the world, with no passengers as yet," he says disparagingly.

The hope of the US-British team is that this will work to Westinghouse-Nuclear Electric's advantage when the bidders stress the merits of what they claim is a "proven" power station design.

Perhaps the most complex area of all in a project of this size in Taiwan is assessing the importance of *guanxi*, roughly translated as "connections".

"You cannot overestimate the significance of the political messaging that goes on," says one British businessman with years of experience in the island.

In a country where the politics are as complex as the engineering, it is not surprising that the British team, which may prove too great an obstacle, "They tend to want visits by royalty and recognition; the sort of things that, because of the political situation, we cannot provide," says one observer.

Nor can business visitors avoid the political minefield that has developed since the end of martial law in 1987. Getting things done is proving more difficult.

The event was certainly covered in newspapers and on television, which will have taken the company's name into Taiwanese homes - especially since the boat came fifth out of a field of more than 50.

The crew is philosophical about its impact on the power station bidding. Most of its members would agree with the sentiments of Morris, who said he could not put his hand on his heart and declare that the Hartlepool crew would win the contract for Nuclear Electric. But, as he said: "It's a nice gesture and certainly does no harm."

Since the emergence of an official opposition to the government, some Kuomintang are glancing nervously over their shoulders at the 85 per cent native Taiwanese majority, once covered by the massacres perpetrated by Chiang Kai-shek in 1947, but increasing in confidence today.

In the midst of this political climate - the freer society has also led to western-style anti-nuclear protests - the public relations value to Nuclear Electric of spending \$40,000 to send a 21-strong dragon boat team to Taiwan is hard to gauge.

The furman's job has been changed to that of team leader and the teams are expected to be more self-sufficient in areas such as budgets and personnel decisions. Part of the changes, he said, had been to introduce skills broadening, which entails training people to do 10 per cent of someone else's. "The idea, in its simplest terms, is that you should no longer need to get an electrician to put a plug on," he said.

support team which has been established to introduce new working practices at the company's Hartlepool plant.

Chosen partly for his organisational abilities that emerged in the way he ran a company football team, and most recently the dragon boat, he said: "The management wanted people who were good at pulling teams together."

Bill Stutta, formerly the

country, pick a company from off the shelf, supply your credit card number and you are ready to go. It is easier than booking a holiday - and marginally cheaper, too.

What does it mean for a company to have a woman on its board? Does it mean it is a forward-looking non-discriminatory employer? Possibly. More certainly it means the company is statistically less likely to go bust than those where the board is entirely male.

CCN Business Information, the credit analysis company, has found

that women are more unlikely to be involved in companies that fail and 50 per cent less likely to have a disastrous string of corporate disasters behind them. That was only as I had suspected: women are simply the more honest and have superior judgement, too.

Unfortunately, the real explanation seems to be otherwise. Nearly one third of the 1m directors of British companies are women, but most of these are the wives of men who have started their own business. Usually a second mortgage on the house is part of the package, and these sorts of family businesses are usually not those that are going to be involved in the latest fraudulent scam.

A few months ago my one-year-old daughter received a letter claiming that a fine collection of books could be hers. All she need do was send a book to the child named in the letter, copy the letter and send it on to

## An arena for identifying team leaders

Dragon boat racing is more than merely an East Asian promotional tool for Nuclear Electric.

The crew's success has helped maintain morale in a company engaged in the painful transition from the public to the private sector, while the sport provides an opportunity for management to spot potential leaders.

Take Dave Price, the crew's captain, who is part of a change

support team which has been established to introduce new working practices at the company's Hartlepool plant.

Chosen partly for his organisational abilities that emerged in the way he ran a company football team, and most recently the dragon boat, he said: "The management wanted people who were good at pulling teams together."

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A few months ago my one-year-old daughter received a letter claiming that a fine collection of books could be hers. All she need do was send a book to the child named in the letter, copy the letter and send it on to

six of her friends. In due course she would be sent six lovely packages containing books.

I was reminded of this letter as I read about the pyramid schemes that have been causing investors so much grief from Russia to Japan to the UK.

The popular belief is that the poor suckers involved are either new to capitalism or pathetically naive.

My daughter's chain letter suggests otherwise. It came from a financially sophisticated acquaintance who has enough money to buy her son a whole library of books.

She knew, and the parents of all the recipients would have known, that chain letters and pyramid schemes are a con. Yet she was prepared to excuse herself with a lot of middle-class claptrap about promoting reading. The idea of something for nothing seems to be deeply rooted, and people who should know better are not only espousing it but passing it on to their children.

## Lemmings leap to adopt 'just in time'

The pattern is always the same. Somebody comes up with a management idea. A few companies try it out, and great claims are made for it. Packed conferences are held and consultants multiply and prosper. More companies follow until everyone is doing it and swearing by it. Then some clever dick does research showing this marvellous practice is not delivering the goods. The believers behave as if an act of sacrifice has been committed, yet the fall from grace has begun. A new idea soon comes along to renew the process.

We saw it with total quality management. Now we are seeing it with Japanese lean production techniques such as "just in time".

Last week academics at Cambridge University published a shock-horror study suggesting that lean production can damage a company's financial health. Now Britain's JIT fanatics are all angrily defending themselves.

The cycles are inevitable because companies behave like lemmings.

Each new idea - TQM, JIT and all the rest - has some intrinsic worth. Yet managers apply these systems willy nilly to their operations, urged on by their peers and by greedy consultants.

To judge by the JIT cycle, about four years is par for the course between mass adoption and doubts setting in. In another year or so, re-engineering and benchmarking - which all but the very smartest and the very dumbest companies now espouse - will take their turn.

Looking through the papers for bargain flights, my eye was caught by some remarkably cheap deals: Hong Kong for only \$250, Panama for only \$265. On closer inspection I found I was looking at offshore company bucket shops noisily comparing prices for buying companies in tax-free paradise.

Curious, I sent off for the details and received what looked like holiday brochures, full of photos of tra-

ditional Chinese junks, the Rock of Gibraltar and - less enticing - of Belize's Philip SW Goldston airport.

As there is no question of the clients actually visiting any of these places, it is hard to see why the companies bother with pictures. For about \$500 a year, the offshore specialists will supply names of directors, phone numbers, addresses and anything else to create the veneer of a company that doesn't exist.

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country, pick a company from off the shelf, supply your credit card number and you are ready to go. It is easier than booking a holiday - and marginally cheaper, too.

What does it mean for a company to have a woman on its board? Does it mean it is a forward-looking non-discriminatory employer? Possibly. More certainly it means the company is statistically less likely to go bust than those where the board is entirely male.

CCN Business Information, the credit analysis company, has found

that women are more unlikely to be involved in companies that fail and 50 per cent less likely to have a disastrous string of corporate disasters behind them. That was only as I had suspected: women are simply the more honest and have superior judgement, too.

Unfortunately, the real explanation seems to be otherwise. Nearly one third of the 1m directors of British companies are women, but most of these are the wives of men who have started their own business. Usually a second mortgage on the house is part of the package, and these sorts of family businesses are usually not those that are going to be involved in the latest fraudulent scam.

A few months ago my one-year-old daughter received a letter claiming that a fine collection of books could be hers. All she need do was send a book to the child named in the letter, copy the letter and send it on to

six of her friends. In due course she would be sent six lovely packages containing books.

I was reminded of this letter as I read about the pyramid schemes that have been causing investors so much grief from Russia to Japan to the UK.

The popular belief is that the poor suckers involved are either new to capitalism or pathetically naive.

My daughter's chain letter suggests otherwise. It came from a financially sophisticated acquaintance who has enough money to buy her son a whole library of books.

She knew, and the parents of all the recipients would have known, that chain letters and pyramid schemes are a con. Yet she was prepared to excuse herself with a lot of middle-class claptrap about promoting reading. The idea of something for nothing seems to be deeply rooted, and people who should know better are not only espousing it but passing it on to their children.

Lucy Kellaway

Each new idea - TQM, JIT and all the rest - has some intrinsic worth. Yet managers apply these systems willy nilly to their operations, urged on by their peers and by greedy consultants.

To judge by the JIT cycle, about four years is par for the course between mass adoption and doubts setting in. In another year or so, re-engineering and benchmarking - which all but the very smartest and the very dumbest companies now espouse - will take their turn.

Looking through the papers for bargain flights, my eye was caught by some remarkably cheap deals: Hong Kong for only \$250, Panama for only \$265. On closer inspection I found I was looking at offshore company bucket shops noisily comparing prices for buying companies in tax-free paradise.

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ditional Chinese junks, the Rock of Gibraltar and - less enticing - of Belize's Philip SW Goldston airport.

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### DESERT ISLAND MANAGER

Nick Temple

Nick Temple, 46, chairman of International Business Machines (UK) was its chief executive from early 1992 until the middle of this year. It was the computer giant's most troubled subsidiary. Temple lived up to his reputation as a no-nonsense manager with a precision intellect, and turned the company around. Rewarded with a bigger job - European general manager for the finance industry - he thinks he would welcome a spell off the treadmill.

You are allowed one piece of equipment. I would take my notebook computer. I use it all the time to write up notes, briefings and ideas I have while I'm flying across the Atlantic on business trips. It's also got games on it, like chess and backgammon, so that even if I was on my own, I would be able to play.

How would you take to a solitary life? I don't think I'd enjoy being on a desert island. I'm very much a social animal and I like people around me.

What would you miss most? I love the telephone. It keeps me in touch with what everyone else is doing, and I can talk to people wherever and whenever. My mother - she's 90 - can't quite grasp the idea that I don't have to be at a particular place to "phone" her, but she's getting used to the idea.

And last? I'd miss the television least. I rarely watch it. It just blasts away, and I usually switch it off.

Could you operate as a long-distance manager? I wouldn't find it difficult to manage my business remotely. I would delegate to people I can trust. I have learnt the value of having people around who I can rely on and who intuitively know what I would do in a given situation.

You can take one film. I'd like *Hopscotch*, a thriller-comedy starring Walter Matthau. I'm a great fan of Matthau's and I enjoy a film with a few surprises that makes me laugh. I like *A Fish Called Wanda* for the same reasons.

And one book. I'd take *Mad White Giant* by the explorer and adventurer Benedict Allen. I heard him speak at IBM's business convention in France last year, and have great admiration for his courage. He is totally unconventional and an entertaining speaker.

What would you eat and drink? I'd eat fish, which I assume I'd have to catch myself. As I'm not terribly good at fishing, perhaps I'd be allowed a stick of dynamite or two. I'd drink Borgogne - it's light, fruity and adaptable for all sorts of meals and would be just right for the turbo I'd like to catch. A lot of my best ideas are the result of a glass or two of Borgogne.

Alas, no rescue in sight. What would be your epitaph? I'd like to be remembered as a man who made things happen, who took little notice of red tape and who brought enthusiasm and excitement into work. I'd like to think I'd never be remembered as being boring.

Alan Cane

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## BUSINESS TRAVEL

## Dutch airport grows

Schiphol Airport, already one of Europe's busiest, has opened a new wing to accommodate growing numbers of regional travellers.

It has four terminal gates for European destinations, passenger waiting areas and the airport's security department.

Besides its international flights, the airport is the gateway to 50 European destinations through 16 regional airlines.

## Third time unlucky

An Air India flight attendant has been sacked for giving birth to a third child in contravention of the airline's rules, the airline said yesterday.

Audrey Coutinho, 34, said she would file a suit against the airline challenging the dismissal.

A flight attendant who gives birth to a third child must resign under the airline's rules. This is thought to be the first time the regulation has been implemented.

## Georgian train crash

At least 15 people were killed and 30 injured when a passenger train crashed into a stationary freight train just outside the Georgian capital, Tbilisi, after a signalling error, railway officials said yesterday.

Gugulyk Magduradze, deputy director of the Georgian railways, said the likely cause of the accident was a mistake by station staff who failed to check whether the track was free before allowing the passenger train to proceed.

## Flights to Rwanda

Sabena, the Belgian airline, is to resume commercial flights to Rwanda on September 2.

Initially there will be one flight weekly to the capital, Kigali, leaving Brussels on Friday evenings and returning from Kigali on Saturday mornings.

## Air Maroc strike

Royal Air Maroc services have been badly disrupted by a strike over the sacking of a pilot. The strike by air crew entered its fifth day on Saturday, according to the air crew union, the AMPT.

There have been no negotiations with the airline, according to the union.

## Israel to Nigeria

Israel's national airline, El Al, will commence direct flights to Nigeria in the next two weeks.

The two countries re-established diplomatic relations about three years ago after a 19-year break.

## Likely weather in the leading business centres

	Mon	Tue	Wed	Thur	Fri
Tokyo	22	23	24	22	21
Hong Kong	30	29	30	29	28
London	23	22	23	21	21
Frankfurt	23	27	24	22	24
New York	26	24	27	25	26
L. Angeles	34	36	32	28	25
Milan	20	20	22	22	21
Paris	23	25	22	22	21
Zurich	22	25	21	20	20

Maximum temperatures in Celsius  
Information supplied by Meteo Consult of the Netherlands

Travellers to the US who need their hotel rooms to double as offices or showrooms, but who do not want to pay an excessive price for the privilege, are increasingly checking into all-suite hotels.

Launched in the US 10 years ago, these hotels typically offer a sitting room as well as a bedroom, and usually include full breakfast in the price. The price of a suite is generally only slightly above that of standard rooms in comparable hotels in the same neighbourhood.

Average daily rates for a suite in an upmarket hotel were about \$97 in the first quarter of this year, according to Ernst & Young, the consultancy.

Laurie Morse on a type of US hotel that offers more space

## Suite-talking the guests

"Suites give travellers a bigger space for about the same price," says Mr Steve Porter, marketing manager for Promus Corp's Embassy Suites, the largest all-suite hotel chain in the US. Not only are the rooms larger, the hotels are generally smaller, and built around a courtyard or atrium to

give guests a more relaxed, residential atmosphere. Mr Porter says. There are 16 major all-suite hotel chains in the US, many of them operated by well-known hoteliers, such as Marriott, Promus Corp and Radisson. While US hotel construction has stagnated recently for lack of financing, all-suite properties are expanding, particularly hotels catering to the needs of travellers who stay four

nights or more. These hotels often offer laundry and shopping services, and suites are equipped with small but functional kitchens. At the best chains, a guest enjoys the equivalent of a well-equipped, one-bedroom apartment for less than \$100 a night. Marriott operates Residence Inns, the largest and most successful extended-stay chain in the US. Home-

wood Suites, run by Promus Corp, was top billing for overall customer satisfaction in a recent all-suites hotel survey by Consumer Reports Magazine.

Experienced travellers say that, in addition to more space and a convenient breakfast, the all-suites hotels have two other winning features: location and consistently good quality. Because they tend to be newer properties, they are usually in better shape and have more modern equipment than older, full-service hotels. Built with business travellers in mind, all-suite properties are usually located in suburban areas near interstate highways or big airports.

## Cancellations at Glasgow

There has been bad news for users of transatlantic air services from Scotland in the past few weeks. First, American Airlines announced that its daily service from Glasgow to Chicago would in future only operate in the summer. Flights would finish this year on November 2.

Next, Northwest Airlines said it was ending its daily Glasgow-Boston service altogether on October 26, after flying from Scotland for 14 years. These decisions reverse the gradual expansion of transatlantic services from Glasgow that began in 1990, when the government stopped forcing intercontinental flights to use Prestwick airport, 30 miles south-east of Glasgow. At that time, American Airlines and British Airways, which had refused to use Prestwick, launched services from Glasgow, with American flying daily to Chicago and BA three times a week to New York. Northwest and Air Canada moved to Glasgow from Prestwick, and last year United Airlines began flying daily from Washington DC.

Aviation specialists believe the latest decisions to cancel flights reflect airlines' determination to improve returns on their assets rather than seek market share. American Airlines complained that, while summer holiday traffic was good, there were not enough year-round business travellers

to give a satisfactory yield per seat and make the service profitable overall.

Northwest also blamed low yields, and claimed there was excess capacity on transatlantic routes from Glasgow.

One difficulty is that business or first-class passengers do not necessarily want to fly from their local airport. The convenience is offset by the fact that there are a much greater number of transatlantic services from London's Heathrow and Gatwick airports, giving passengers a range of options in case of delay or cancellation. And many of these flights go direct to the traveller's ultimate North American destination.

Mr Bob Buntin, Northwest's general manager for Scotland, says that its Glasgow flights have had good capacity utilisation, but claims this is only because fares are low. "We have been trapped for some time at the low end of the market," he says. BAA, which runs Glasgow airport, hopes to persuade the remaining year-round transatlantic carriers, United, Air Canada and British Airways, to increase their services to take up any slack. British Airways says it will increase its frequency to New York from four flights a week to five, probably from January.

James Buxton

## Flights to the land of Nod

It almost seems a shame to go to sleep if your company has forked out for you to fly first class. There are fine wines, good food and all the latest movies to be sampled.

But many people find the best preparation for a business trip is a good sleep on the aircraft - so British Airways and Virgin Atlantic have launched rival sleeper services.

British Airways began what it calls its "dream service" for first-class passengers on some overnight flights last year. It has since expanded the service to the Middle East and some destinations in Africa, as well as transatlantic routes from the US east coast and Toronto, Canada.

Virgin Atlantic launched its "Snoozezone" on flights from the US and to Hong Kong and Tokyo from London.

The two services are similar in concept. On some flights passengers have a choice of a

## Kate Bevan on rival airlines' sleeper services

meal at the airport - the best are in New York - or a light meal on the flight. Once on board, passengers are given a cotton tracksuit and the seats are made up into the closest thing to a bed the airlines can manage, with a duvet and pillow. BA's final touch is a mug of hot chocolate and cookies before all the cabin lights are turned out.

The main difference is in price. The British Airways one-way fare of £1,974 from New York's John F Kennedy airport to London compares with Virgin's one-way weekday fare of £1,082 from New York. Virgin's price is lower mainly because it has done away with the first-class/business-class distinction in favour of what it

calls Upper Class.

BA's first-class cabin is smaller and quieter than Virgin's. BA sleeps 16 in first class on a 747 and 10 in a 767, while Virgin has 28 Upper Class seats on A340 aircraft and 30 on its 747 fleet. On Virgin, dinner carts serving non-smoking passengers may clatter around for a while after take-off.

Cathay Pacific, the Hong Kong carrier, also offers a sleeper service in business class three times a week. After a meal before take-off, passengers are given a kimono-style dressing gown, blankets and pillows. Cathay tries to split those who opt for full service from those who want to sleep.

Even people who find it difficult to sleep in aircraft should manage a bit more than 40 winks on such sleeper flights. The only thing missing, as one passenger said on a flight from Washington DC to London, is a teddy bear.



The big sleep: a passenger slumbers after being tucked into his seat in Virgin's "Snoozezone".

## FT CONFERENCES

## WORLD AEROSPACE AND AIR TRANSPORT

1 & 2 September 1994, London  
This conference, which has the support of the Society of British Aerospace Companies, is the latest in the Financial Times' international series of high level seminars. It will focus on the challenges facing the industry in the next century, how it is restructuring for the future to achieve growth, together with the impact of government policy. Speakers include: Professor Herman De Groot, Corrado de Sager; Mr Robert L. Dryden, Boeing Commercial Airplane Group; Mr Robert Aylmer, British Airways; Mr Hans Mitter, American Airlines; Mr Michael T. Smith, GM Hughes Electronics; Mr Jan Steenberg, SAS; and Mr Eugene Shalash, Sideral Aircraft.

## THE NUCLEAR INDUSTRY - INTO THE 21ST CENTURY?

14 & 15 September 1994, London  
This high-level meeting will examine the outlook for nuclear power in North America and western Europe, considering the impact of current government moratoria and the role of nuclear in the fuel mix, and review growth potential in the Asia-Pacific region. The challenges of improving efficiency and safety at nuclear plants in eastern Europe and issues related to managing the fuel cycle will also be addressed. Speakers will include: Plenary Chair, EdF; The Honorable John Rella, Canadian Nuclear Association; Dr Thomas B. Cochrane, Natural Resources, Defense Council, USA; Dr Yih-Yun Hsu, Atomic Energy Commission, Taiwan; Michael Fidge, United Kingdom Nuclear Industry; Professor Jorge Viegas, Lithuanian Energy Institute; Thierry Baudry, EDF; John Gwynne, CIG; British Nuclear Fuels; Mr Jean-Pierre Rougoux, COGEMA; and Dr Rachel Western, Friends of the Earth.

## RETAILING TOWARDS 2000 - COMBINING VISION AND EFFICIENCY

London, 21 & 22 September 1994  
This year's meeting will focus on the need for the retail industry to exploit fully the opportunities that new technology and new techniques offer while, at the same time, dealing with the fundamental business challenges - maintaining profitability, controlling costs, managing the property portfolio and "crime busting". Winning retail formats will be those that successfully combine vision with efficiency. Speakers at the conference, arranged jointly with Coopers & Lybrand, include: Ted Ban Lan, Emporium Holdings (Singapore) Ltd; George Boulton, Edgars Stores Limited; Jack Walker, Maytag Stores Inc; Mark Lill, The Derry Store Limited; Robert Miller, Cullis 21 (UK) Ltd and James May, British Retail Consortium.

## INTERNATIONAL BANKING

Madrid, 29 & 30 September 1994  
The major event, immediately prior to the annual meetings of the IMF and the World Bank, will debate the outlook for banking in the mid-1990s and address a wide range of issues of current concern to the international financial community. Speakers taking part include: Emilio Botin Pios, Banco Santander; Lord Alexander of Woodon QC, National Westminster Bank plc; Dr H. Onno Ruding, Citicorp; Richard J. Boyle, Chase Manhattan Bank NA; Dr John Ackerman, Credit Suisse; Elio Giuseppe Bruno, Credito Italiano and Eugene J. Lavach, Comptroller of the Currency, USA.

## INTERNATIONAL INFRASTRUCTURE FINANCE

BUILD-OPERATE-TRANSFER (BOT)  
London, 4 & 5 October 1994  
This major Financial Times conference will focus on build-operate-transfer (BOT) opportunities in key growth markets, including Eastern Europe, South Africa and the Middle East. The challenge of financing and managing BOT contracts will be highlighted in recent case studies of major projects in the power, telecommunications and environmental infrastructure sectors. Speakers include: Dr Alastair Morton, Eurotunnel; Thierry Baudry, EDF; Dr Jacques Rogge, Eurotunnel; India, the World Bank; John Hutton III, Morgan Stanley & Co. Limited; Michael Heath, Nyrso Network Systems Company; George Hajagos, KPMG Power Corporation; Mr Christopher Nash, Northwest Water International Ltd; Mr Malcolm Stephens CB, The Borneo Union.

## WORLD MOBILE COMMUNICATIONS

London, 17 & 18 October 1994  
The Financial Times 94 conference will focus on the growth of mobile communications, the various technologies being adopted and new operator strategies. Speakers include: Dr Herbert Ungers from the European Commission; Mr Charles Wiggins, Managing Director of The Peoples Phone Company; Dr Josephine Dreyer, Chairman of Digital Communications; Mr Barry A. Kaplan, Vice President of Odeon Sachs & Co; Mr Thomas Jule, Managing Director of Unisource Mobile; and Mr Jan Neale, President & Chief Executive Officer of AirTouch International.

## INDIA'S ECONOMIC RENAISSANCE

Delhi, 26 & 27 October 1994  
Given the breadth and pace of economic reform in India since 1991, this high-level FT forum will provide a unique opportunity to review the government's liberalisation programme and assess business and investment prospects. The meeting will also consider India's competitiveness in world markets and look at the challenges of improving the country's infrastructure.

## FINANCIAL REPORTING IN THE UK

London, 28 November 1994  
This year's conference will provide essential guidance for preparers and users of accounts on interpreting the complexities of existing and emerging AAS standards. Issues to be covered will include: Accounting for off-balance sheet finance; merger and acquisition accounting; valuing intangibles and intangible derivatives. Speakers include: Chris Selwood, Stoy Hayward; John Jellis, KPMG Peat Marwick David Cairns; International Accounting Standards Committee and Mary Keegan, Price Waterhouse.

All enquiries should be addressed to Financial Times Conferences, P O Box 3651, London SW12 6PH, UK. Telephone: 081-673 900. Fax: 081-673 1325.

## CONFERENCES &amp; EXHIBITIONS

## SEPTEMBER 7

**Benchmarking the Logistics Process - Concepts & Cases.**  
Practical "how to" day on the complex process of benchmarking in logistics. Features benchmarking experience in the UK, Europe and USA from Lyons Trolley, Kodak and Johnson & Johnson. Enquiries: Conference Manager, NMHC Ltd. Tel: 0234 750323 Fax: 0234 750875

## SEPTEMBER 7

**Working in the EU**  
Over half of British trade is now with the EU. This conference will give a factual base plus analysis of market headings to be considered for those sending employees abroad. For details contact International Professional Conferences Ltd. Tel: 081 445 8623

## SEPTEMBER 8

**Florida Investment Seminar**  
Representatives of the Florida Department of Commerce and selected economic development authorities will hold a seminar Sept. 8 from 10:00 to 18:00 in central London. The presentations will be for manufacturers interested in establishing a site in Florida. Interested parties are cordially invited. For further information call Lindsay Cameron on 071 721 8388

## SEPTEMBER 12-13

**UK Cable, Telephony & Finance: Leading the World to the Information Superhighway**  
An in-depth conference on the convergence, cooperation and competition in the UK cable & telephony industry. Contact: Patricia Baynham, Kagan World Media Limited. Tel: 071 371 8801 Fax: 071 371 8715

## SEPTEMBER 13

**Product Data Management (PDM) Seminar**  
This one day seminar covers the business benefits of PDM, defines the key functions required for an enterprise-wide system to support Concurrent Engineering, and Business Process Re-engineering. Includes tutorials & product exhibition. Contact: CIMdata on Tel: 0203 441129 or Fax: 0203 451919

## SEPTEMBER 15

**Tactics for Contract Success**  
How to drastically improve your chances of successfully winning public sector service contracts. Presented by Ron Briggs, Director of Contract Information BIP Ltd and Gary & Kate Saunders, KCM Consulting. A one day seminar with particular relevance to companies interested in winning Government Market Tenders contracts. Contact: Helen Birch, Business Information Publications. Tel: 041 332 0247 Fax: 041 332 2652

## SEPTEMBER 15

**How to drastically improve your chances of successfully winning public sector service contracts.**

## SEPTEMBER 18-20

**The National Education & Jobs Fair**  
The UK's most definitive careers and education show including a comprehensive seminars programme. Over 140 universities and higher education colleges will be exhibiting and promoting a huge range of courses at all levels. FREE ENTRY. Enquiries: Fran Foster - Centre Exhibitions. Tel: 021 767 2413

## SEPTEMBER 18-20

**Re-engineering (BPR)**  
Containing series of seminars for managers charged with designing and implementing BPR initiatives. Presented by leading US practitioner and BPR author. Proves "how-to-do-it" implementation guide illustrated with case studies and workshops. Course book also available. Over 50 organisations in the private & public sectors have already attended. Repeated November 21-22. Contact: Richard Parry, Ventus Systems. Tel: 044-435-20026 (24 hours) Fax: 044-435-98021

## SEPTEMBER 19-22

**Fire 94**  
The national conference & exhibition for the whole fire protection profession, featuring a wide range of the latest fire safety equipment and services. Bournemouth International Centre, Dorset. Contact: Jane Malcolm-Coe, FMI International Publications Ltd. Tel: 07737 769811 Fax: 07737 761695

## SEPTEMBER 21-23

**Works Contracting for the MOD**  
A highly intensive one day presentation explaining in detail the way in which the MOD evaluates, awards and monitors works contracts. Presented by Barry Liss Associates. A unique insight for all construction companies, including Project Managers, Construction Consultants, Works Service Managers. (only limited availability left) Contact: Helen Birch, Business Information Publications. Tel: 041 332 0247 Fax: 041 331 2652

## SEPTEMBER 27

**Civil Justice on Trial**  
A day conference at the Inner Temple. This important one day event has a prestigious panel of speakers and will be chaired by: The Rt Hon Lord Woolf of Barnes. Contact: Roger Pannone, Dunk Widdows QC. Tel: 041 332 0247 Fax: 041 331 2652

## SEPTEMBER 27-29

**PIPIA Show**  
The UK's premier Show for processing and packaging machinery. Over 200 manufacturers representing 500 international machine manufacturers. Equipment to process and pack food, pharmaceuticals, cosmetics, chemicals, beverages, confectionery etc. Free daily seminar on CE Mark regulations. For tickets contact Melinda Seaton. Tel: 081-681 8236 Fax: 081-681 1641

## SEPTEMBER 27-29

**PIPIA Show**

## SEPTEMBER 27 &amp; OCTOBER 6

**Flexible Working - A Manager's Guide**  
A workshop to help managers explore new ways to get work done. It examines the benefits to organisations, employees and managers. Practical and interactive, it shows how to save cost and improve productivity by changing how and when work is done. Previous attendees found the cross-industry sharing particularly valuable. Contact: Ian Wallace at Continuous Improvement Ltd. Tel: 0734 333665 Fax: 0734 333662

## SEPTEMBER 28

**The Third Age of Financial Services**  
The opportunities in the 50+ markets. A joint conference organised by Age Concern England and The Henry Centre designed to help those organisations interested in marketing goods and services to the 50+ age group. Cost: £35 + VAT. Contact: Anna Farnham at The Henry Centre. Tel: 071 353 9961

## SEPTEMBER 29

**A Cityforum conference featuring Chris Stalk, Sir Evelyn de Rothschild, Elizabeth Bradley, Robert Gray, Basil Horow, Gary Morgan, M J Levett, Linda van der Post, Spencers, South Africa Foundation, Rothschild's South Africa, Clifford Chance, Coopers & Lybrand.** Information from Cityforum: Tel: 0225 466744 Fax: 0225 442303

## OCTOBER 3

**Strategies for Handling Pregnancy & Maternity Leave in the Workplace**  
Every company must review its current contracts and its approach to maternity and equal opportunities. This conference offers practical advice on the management of these changes looked at from the personnel professionals perspective. For a full brochure contact: International Professional Conferences Ltd. Tel: 081 445 8623

## OCTOBER 3/4/5

**City Intensive Seminar**  
A programme for new recruits to the City, corporate finance, treasury and financial executives covering structure, markets, regulation and world position of the City. Speakers include Michael Cassidy, Scott Dobbie, Sir Michael Palliser and Colin Sharma. KPMG Sponsor. Information from Cityforum: Tel: 0225 466744 Fax: 0225 442303

## OCTOBER 3-5

**LAFFERTY'S 1st International Wealth Management Convention**  
Four distinct but related conferences - a MUST for anyone in the affluent market - an area which offers enormous profit opportunity for providers of financial and professional services: Global Wealth Briefing, Private Banking, Investment Management & Dealing, Personal Financial Planning Conference. Contact: Elaine Lafferty, Lafferty's, Dublin. Tel: 01-553-1171 Fax: 01-553-1171

## OCTOBER 26-27

**BPR 94: Re-engineering, Process Management and Performance Improvement**

## OCTOBER 11

**Measuring the value of I.T. Investments**  
This conference discusses how to assess the value of I.T. projects and prioritise I.T. investment successfully. It presents guidance from leading academics and consultants, as well as insights from the experience of major organisations, in both the private and public sector. Contact: Business Intelligence. Tel: 081 543 6565 Fax: 081 544 9030

## OCTOBER 13 &amp; 14

**The Management of Product Safety & Quality**  
Product Safety and Quality are the responsibility of everyone concerned in the production of goods. This seminar provides opportunities to hear clear and practical explanations by leading experts. For details contact: International Professional Conferences Ltd. Tel: 081 445 8623

## OCTOBER 18

**Practical BPR - Implementation Issues**  
2nd Annual Conference of the BPR Study Group (200+ members) New (never disclosed before), recently completed case studies presented with interactive sessions from senior management and practitioners. Lively discussions and demonstrations including speakers from Citibank International, Nationwide Building Society, Alliance and Leicester, Capital Home Loans, Pickfords and more. Contact: Stone Towers, Hanton Associates. Tel: 044 (0) 941 120118 Fax: 044 (0) 608 66329

## OCTOBER 20-21

**Financing the Rail Revolution - A unique forum forward for profit!**  
A unique forum addressing development and financing of the European Rail industry focusing on:  
- Financing opportunities  
- Raising money from the private sector  
- Strategic developments  
- Privatization projects  
For a full brochure contact: Hare Richardson Euroforum Ltd. Tel: 044 71 779 8795 Fax: 044 71 779 8795

## OCTOBER 23 - NOVEMBER 4

**International Financial Implications for Transformation and Development**  
Residential seminar exploring the essence of financial markets, the nature of new financial markets and services market players have to offer. It will consider issues involved in managing external asset liability portfolios and the external financial environment facing countries in transition and developing countries in the late 1990s. Contact: Jennifer Vickers, The British Council. Tel: 044 (0) 71 389 4162 Fax: 044 (0) 71 389 4154

## OCTOBER 26-27

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## SEPTEMBER 14 &amp; 15

**1st EMEA Intellectual Property and Competition Law Symposium**  
This major event will review recent developments in intellectual property rights and update on competition law. A high quality panel of speakers with considerable experience in their field of law have been brought together for this symposium. For details contact International Professional Conferences Ltd. Tel: 081 445 8623

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## SEPTEMBER 27-29

**DA/DSM Europe 94**  
Competition in combination with open access will have utilities to introduce more advanced technologies such as IT/DA/DSM/SCADA/AM/FM/IS/AM. At this conference & exhibition the latest developments will be discussed and shown by the major companies and utilities. High level. Contact: Pordwell C&E. Tel: +31-30-650 963 Fax: +31-30-650 928

## OCTOBER 19 &amp; 20

**Dealing with Rights**  
Intellectual Property Rights must be properly dealt with if they are to confer benefit for benefits upon their rightful owners. An international panel of intellectual property managers and lawyers examine the problems owners face in handling rights and in portfolio management. Further details from International Professional Conference Ltd. Tel: 081 445 8623

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مكتبة الامام



# Banking on the multi-class of 94

Victoria Griffith explains why companies are making an interactive push into US classrooms

US elementary and high schools are turning into key testing grounds for multimedia products, as companies woo the young people they believe will be their most important customers.

"The eight-year-olds of today are our future market," says George Schukler, director of new media for the News & Observer Publishing Company, which runs an on-line service to schools in North Carolina. "The information highway will come into full force a decade from now, when those eight-year-olds will be entering the consumer market."

Examples of this trend are many. Nynex, the telecommunications company, offers an interactive voice and video hook-up which allows students to take classes with a teacher in another school. Via computer, students in various locations can be called on to answer questions. AT&T is connecting high schools with colleges interactively.

The publishing industry is also throwing its weight into the classroom. For instance, Primis, a subsidiary of McGraw-Hill, is making custom-designed textbooks via high-speed printing. Voyager has put out CD-ROM versions of Shakespeare's Macbeth and other books, complete with text, video, and annotations.

The media sector has also been especially active in the schools. Whittle Communications runs a computer-linked cable news network to schools in the US and hopes to move into the UK market soon. Newspapers like the San Jose Mercury News, the Chicago Tribune, and the New & Observer Company, which publishes the Raleigh News & Observer, all run on-line services to schools. Meanwhile, Reuters, the UK-based wire service, has just launched Ingenius, a joint venture with Liberty Media Corp, to provide a multimedia smorgasbord of voice, video, photographs, and articles and interactive lesson plans.

Today's adults, many believe, are too set in their ways to become major consumers of high-technology multimedia products. "Older people will probably stick to traditional sources like newspapers and nightly news broadcasts for information, although they may dabble in multimedia," says Lewis Friedland, professor in journalism at the University of Wisconsin, Madison. "The market will be shaped by the kids who grow up using this stuff."

Linking up with schools to ensure a future customer base is not a new idea. Apple Computer used the same strategy two decades ago when it handed out thousands of com-

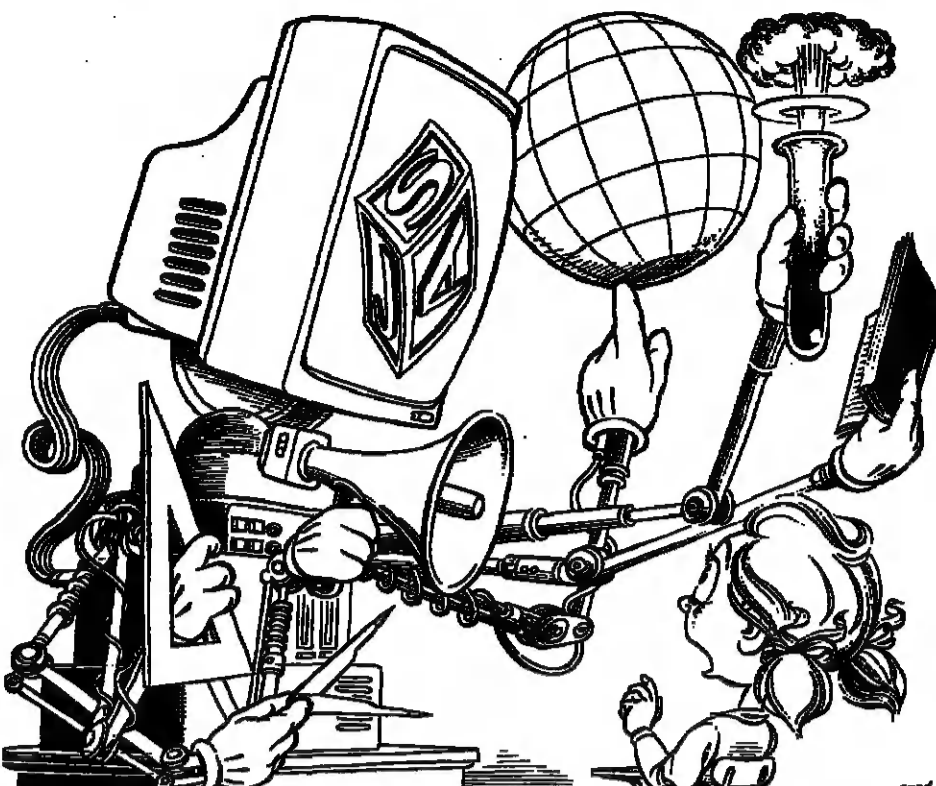
puters to classrooms around the US.

Results, however, were mixed. Young adults today are far more computer-literate than their elders, but that is probably more due to contact they had with computers at home and work than at school. In many cases, the computers Apple provided sat idle for years as teachers tried to figure out how to use them, and how to incorporate them into their curriculum.

"We won't have that problem, because programmes are getting easier to use," says Gerald Bennington, chief executive officer of Ingenius. Yet teacher training remains a concern, and Ingenius has established a training programme in Denver to encourage use of its product.

Ironically, the free Apples which brought schools into the computer age may now slow the growth of multimedia in the classrooms. Most of the computers in schools today are too basic, for instance, to run sophisticated on-line programmes. "Most schools are pretty out-dated," says Schukler. "Some don't even include the Vietnam war in their textbooks. You have to work with what you have, but it means we can't provide much in the way of CD-ROM film for the computer and other new technologies."

Companies are also struggling with pricing issues. The News & Observer, for instance, provides services at no charge in the hope of a long-term payoff. Whittle's Channel One is also free, but runs commercials on its network to garner revenues. Nynex and Reuters, on the other hand, believe schools will pay for a high-quality product. "It's a myth that they schools don't have any money," says Bennington of Ingenius. "It's one of the biggest budget items in any state in the country."



Once they get access to the classroom, multimedia news providers have to grapple with the challenge of how to present violent stories to children. "I think the trick is to present a story like O.J. Simpson (in which the ex-football star is accused of murdering his ex-wife and her friend) in a straightforward, non-sensationalist manner, then tie it to real life through a discussion of domestic violence or learning activities, such as the study of the US judicial system," says Katherine King, editor-in-chief of Ingenius.

Multimedia companies may also face opposition from educators who doubt the value of the products. "The studies we've done show that children don't learn any more when they're connected to computers and multimedia products than they do through traditional methods," says Alex Molnar,

professor of education at the University of Wisconsin, Milwaukee. "There's also the question of how to pay for it. US schools don't have lots of money, and if they pay for these products, they have to cut down in other areas. And if it's for free, like Channel One, but kids are subjected to advertisements, that raises all sorts of questions about commercialising our classrooms."

Despite the challenges, companies believe that a presence in the schools today is essential to tap the future multimedia market.

For that reason, US classrooms are turning into one of the most important laboratories for the industry.

# Indonesia's fixed cellular revolution

By Andrew Adonis

A revolution waiting to happen in the telecommunications industry is the development of radio-based local networks able to replace the fixed wire. When it happens, the cost of building and maintaining local connections could plummet, with incalculable consequences for competition and the extension of telecoms in developing countries.

Like many revolutions, it is unlikely to happen overnight. Radio technology is already integral to telecoms, notably in cellular mobile telephony. Imminent is the development of local radio networks for "fixed" telephones, which are price competitive with existing wireline networks.

In the developed world, such networks are likely to be feature mainly in niche markets. Telia, Sweden's state telecoms company, already provides many of its remote rural subscribers with cellular phones instead of "wireline" connections. Ionica, a private UK operator, plans to launch a nationwide service next year to closely targeted markets.

Indonesia, however, may offer a significant pointer for the developing world. Indonesia boasts 16 telephone lines per 1,000 people, compared with 460 per 1,000 in the UK. This puts it towards the bottom of the telephone league, even in the Asia-Pacific region. To help achieve rapid line growth the Indonesian government has licensed a company to build a "fixed cellular" network in urban areas.

The network is for fixed phones serviced by radio base stations. Connection and call charges will be the same as for conventional fixed-line phones, but the monthly rental will be at a premium to reflect the shorter waiting period for connection. It currently takes about two years to get a phone line. Ratelindo, the new fixed cellular operator, claims it will be able to meet demand within months.

Ratelindo, a joint venture between Indonesia's state-owned telecoms operator and Bakrie Electronics, a private company, is licensed to provide 280,000 fixed cellular connections - 250,000 in Jakarta and 30,000 in West Java. In effect it is competing with the state operator, and hopes to have made 50,000 connections by the end of the year.

Ratelindo's fixed cellular system - supplied by Hughes, a US manufacturer - is a flexible overlay network based on the TDMA system. Ratelindo claims that it provides a voice quality equal to that of a fixed-wire phone.

Hardianto Kamarga, president-director of Ratelindo, hails the Hughes system as a breakthrough. He claims it is "the most spectrum efficient digital cellular technology commercially available today," with about three times the capacity - that is subscribers per base station - of GSM, the digital cellular mobile system used in Europe.

"The fixed cellular system has a subscriber capacity equal to between 10 and 20 per cent of the fixed network," says Kamarga. For the cost: "land-line telephones are inherently less expensive than comparable wireless systems for the same traffic capacity, but in the operating environment we have in Indonesia the balance can swing in favour of wireless."

Put bluntly, that means a price-competitive service can be provided because of the inefficiency of the existing state operator. Yet the same is likely to be true across the developing world.

For 280,000 Indonesians, the immediate choice is a fixed cellular phone or nothing. Faced with the same choice, millions on waiting lists across Asia, Africa and Latin America may embrace fixed cellular phones with alacrity.

# System to block fraud on stolen mobile phones

By Alan Cane

Hot weather invites open car windows and sunroofs. Sadly, natural ventilation also makes it simple for the thief to make off with the car owner's mobile phone.

When other kinds of portable phone thefts are added in, the numbers become startling: the Federation of Communication Services estimates around 15,000 phones are stolen each month in the UK alone.

The Metropolitan Police has set up a special unit to tackle the problem.

Portable phones can be "hot" in more than one way, however. More insidious than the hand through the sunroof is electronic fiddling with the phone's identity, making it possible for a fraudster to run up huge telephone bills which are then charged to somebody else's account. The phone does not have to be stolen: a legally purchased phone can be altered so that calls made on it are charged elsewhere.

Called "re-chipping", changing the electrical identity of a cellular phone is not illegal in the UK, although the

FCS is calling for urgent changes in the law to act as a deterrent.

The problem is more acute for earlier analogue phones than the more recent digital versions. Now the Dutch telephone authority has developed a technology which it suggests is one way to solve the problem. The Anglo Dutch computer services company CMG has recently installed the system in Scandinavia where the mobile phone systems are linked. In the UK and Scandinavia, it seems that mobile phones are recognised by a registration number

rather than an electronic identity check.

The essential difficulty is that there are perfectly good reasons why a mobile phone may need to be programmed with a new registration so the manufacturers leave open an electronic channel to the heart of the system. Fraudsters take advantage of this channel to create "clones" of existing phones. The genuine subscriber only realises what is going on when a huge bill arrives.

The operator closes down both genuine phone and clone but by then,

of course, the fraudster has moved on. The Dutch solution makes use of secret keys stored both in the phone - either a microchip or smart card - and in the local exchange. A system of linked computers manages the distribution of the keys. If an exchange identifies a phone as genuine, it allows the call; otherwise use of the phone is blocked. If the subscriber is "roaming" or using the phone outside the local exchange area, key information is transmitted over the network to identify the phone.

## THE WEEK AHEAD

### DIVIDEND & INTEREST PAYMENTS

**TODAY**  
Abbott Laboratories \$0.19  
ACT 3.5p  
Anglo Am. Inv. Trust 6% Gross  
Cm. Pf. R0.06  
Aon Corp \$0.32  
Asprey 4.8p  
British Steel 1.5p  
Chase Manhattan \$0.40  
Colgate-Palmolive \$0.41  
East Rand Prop. Mines R0.08  
Eurofina 6 1/4% Nts. 1995  
CS325  
Feedback 1p  
Fishguard & Ross. Rail. 3 1/4%  
Pf. 1.225p  
Marsh & McLennan \$0.725  
Mountainview Estates 12p  
Nordic Inv. Bank 7.75% Nts.  
'98 £77.50  
Sainsbury (J.) ADR \$0.143  
Sanyo Elect. FRN 1997  
Y161,058  
Scottish Met. Prop. 10 1/4% 1st  
Mtg. Db. '16 £5.125  
Seares 7 1/4% Un. Ln. 92/97  
£3.625  
Shanks & McEwan 1p  
Shelton (Marine) 2.5p  
Trinity Int. 5 1/4% Cm. Pf. 1.75p  
TSS Gilt Fund Pkg. Rd. Pf. 2p  
UMECO 1.25p

Whitecroft 2p  
Do. 5.1% Cm. Pf. 2.55p  
**TOMORROW**  
BOC ADR \$0.218  
Britannia Bldg. Soc. FRN '96  
£134.27  
Brit. Funds 2 1/4% IL Treas.  
£1.9884  
Copper (James) 2.4p  
NatWest Bank Prim. Cap. FRN  
B £197.97  
Do. Var. Rate Cap. Nts. '08  
£142.47  
Nippon Credit Bank Ftg/Fixed  
Rate Nts. '04 \$2,111.87  
SEEBORAD 8.45p  
SKOPBANK-Finnish Bk. B. Var.  
Rate Nts. £143.75  
State Bank of NSW Extendible  
FRN \$199.54  
Sumitomo Bank Intl. Fin. FRN  
2000 \$130.87  
Vesper Thornycroft 12.7p  
Wyndham Press 1.5p

Do. Mezzanine FRN 1996  
£182.26  
E.R.F. (Hdgs.) 2p  
Falcon Hdgs. 2p  
Mansfield Brewery 3.15p  
Nat. & Provincial Bldg. Soc.  
FRN '98 £133.90  
Royal Bk Scotland FRN '05  
£86.18  
Scottish Met. Prop. 0.5p  
Toyoko Co. FRN '98 Y84,527  
Vodafone 4.23p

'98 £142.10  
Midland Bank FRN 2001  
£86.64  
NatWest Bank Undated Var.  
Rate Nts. £149.66  
Wells Fargo FRN '98 \$124.58

**FRIDAY AUGUST 19**  
BPS Inds. 5.3p  
BT 6.55p  
Burtonwood Brewery 4.3p  
Friendly Hotels 3.5p  
Fuller, Smith & T. A 5.25p  
Hamro Ins. Services 3.7p  
Hunters Armley 1.32p  
Ingham 3.25p  
Microgen 2.2p  
M & V 1.25p  
Pilkington 2.5p  
Scape Grp. 4.23p  
Sheriff Hdgs. 1.75p  
South Wales Elect. 18.1p  
Tams (John) Grp. 2.41p  
Wells Fargo & Co. \$1

**SATURDAY AUGUST 20**  
Caterpillar \$0.30

**SUNDAY AUGUST 21**  
Brit. Funds 10 1/4% Exch. '97  
£5.25

**THURSDAY AUGUST 18**  
Archer Grp. 0.5p  
Assoc. Nursing Services 1.5p  
Brad. & Bingley Bldg. Soc.  
Collared FRN '03 £35.02  
Britannia Bldg. Soc. FRN '95  
£133.27  
Chase Manhattan FRN 2000  
\$127.78  
Credit Foncier de Fr. 10 1/4%  
Serial Ln. '11, '12, '13, & '14  
£256.25  
Fortis 10 1/4% 1st Mtg. Db. '18 25  
Kelt Energy 1p  
L.A.B. Invs. 7 1/4% '19 3.5625p  
Leeds Permanent Bldg. Soc.  
FRN '03 £34.71  
Lloyds Bank B. Var. Rate Nts.

### UK COMPANIES

**TODAY**  
COMPANY MEETINGS:  
Aberdeen Steak Houses,  
Coventry House, Coventry  
Street, W., 10.00  
Tams (John) Grp., North  
Stafford Hotel, Stoke-on-Trent,  
12.00  
BOARD MEETINGS:  
Finnis  
Egwin  
US Smaller Companies Inv.  
Tst.  
Interims:  
Alliance Trust  
HSBC  
Malaya Grp.  
Midland Bank  
Regal Hotel Grp.  
Rexon Grp.  
Sart  
Takara  
**TOMORROW**  
COMPANY MEETINGS:  
Equity Consort Investment

Trust, Five Arrows House, St.  
Swinth's Lane, E.C., 10.00  
Falcon Hdgs., Walker House,  
Boundary Street, E., 3.00  
Mansfield Brewery, Mansfield  
Civic Centre, Mansfield, 12.00  
Symonds Engineering, The  
Ware Moat House, Ware,  
Hertfordshire, 11.00  
BOARD MEETINGS:  
Finnis  
Angerstein Underwriting  
Impels Platinum  
Pifco  
Scantronic  
Interims:  
AS Electrolux  
Cantab Pharmaceuticals  
Cheshire Bldg. Society  
Evans Halshaw  
Irish Life  
Kelon Grp.  
Lowe (Robert H.)  
Micro Focus Grp.  
Sedgwick

**WEDNESDAY AUGUST 17**  
COMPANY MEETINGS:  
E.R.F. (Hdgs.), Chimney  
House Hotel, Sandbach,  
Cheshire, 2.30  
Wilshear, Tower Thistle Hotel,  
St. Katherine's Dock, E., 11.30  
BOARD MEETINGS:  
Finnis  
Aitken Hume Intl.  
Armitage Bros.  
Dunedin Japan Inv. Tst.  
Interims:  
BICC  
Britannic Assurance  
Mercury World Mining Tst.  
Moorefield Estates  
Nth. Midland Construction  
Paribas French Inv. Tst.  
Rea Brothers Grp.  
Rosebys

**THURSDAY AUGUST 18**  
COMPANY MEETINGS:  
Avesco, Venture House, Davis  
Road, Chessington, Surrey,  
11.00  
Bristol Scotts, Bristol  
Stadium, Eastgate Centre,  
Eastville, Bristol, 12.00  
Burtonwood Brewery, Rake  
Hall Hotel, Rake Lane, Little  
Stanney, Nr. Chester, 12.00  
China Investment Trust,  
Knightsbridge House, 197  
Knightsbridge, S.W., 11.30  
Southern Water, The Dome,  
Brighton, 11.00  
BOARD MEETINGS:  
Finnis

BBB Design Grp.  
Staneco  
Syndicate Capital Tst.  
Interims:  
City Centre Restaurants  
Clarke (T.)  
Dawsongroup  
English & Scottish Inv.  
Kode Intl.  
Personal Grp.  
Richardson Westgarth

**FRIDAY AUGUST 19**  
COMPANY MEETINGS:  
Drew Scientific, College  
Street, 29 Gresham Street, W.,  
11.30  
Fuller, Smith & Turner A,  
Griffin Brewery, Chiswick Lane  
South, Chiswick, W., 11.00  
TR Technology, 3 Finsbury  
Avenue, E.C., 12.30  
BOARD MEETINGS:  
Finnis  
Lazard High Income  
Interims:  
Jordan (Thomas)

Company meetings are annual  
general meetings unless  
otherwise stated.

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accounts are not normally  
available until approximately  
six weeks after the board  
meeting to approve the  
preliminary results.

## ARCHITECTURE

# Sense and sensuality

Italian designer Ettore Sottsass talks to Alice Rawsthorn

Ettore Sottsass started at the sight of a woman walking by in a pretty pink slip of a summer dress. "Aaaaargh!" cried the septuagenarian designer with an animalistic groan. "Look at that girl! Just look at her! She's almost naked!"

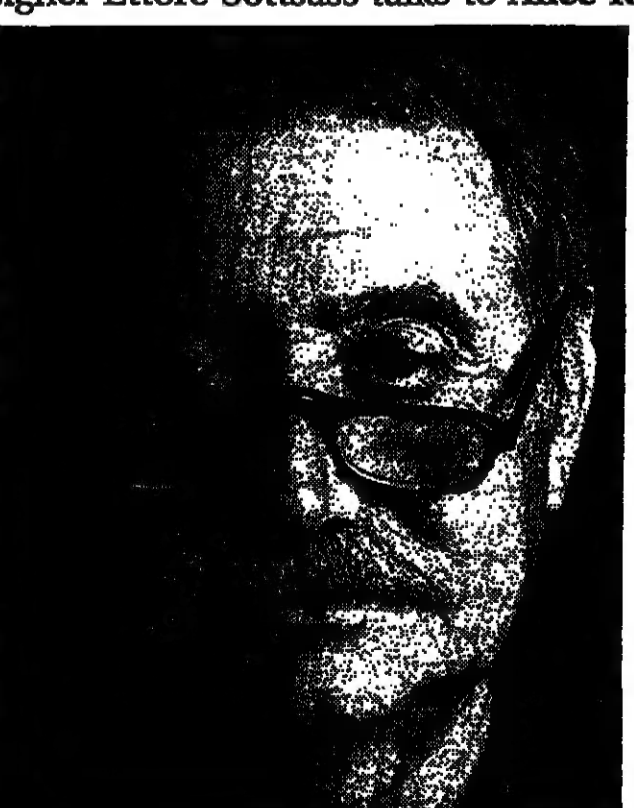
It is a testimony to how charming Sottsass can be that he can utter such an unashamedly sexist remark without making you hate him. But Ettore Sottsass has a great deal of charm indeed. At 76 he has the serene, sunny air of a man who has spent his life doing, well, probably exactly what he wanted: first as one of the bright young designers and architects who made waves in post-war Italy and latterly as a grand old man of European design.

He has just arrived in Paris to his grandest guise to open a retrospective of his work at the Pompidou Centre. He plays the role to perfection.

He stood smiling at his opening party, looking like a sci-fi sorcerer, with his tightly-plaited ponytail, blowing air kisses at some guests and autographing catalogues for others. Now he is sipping a chilled beer on a café terrace opposite the Pompidou, ogling the *Parisiennes* as they saunter in his show.

"It's strange to have a retrospective of your work while you're still alive," he says. "At first I didn't like the idea at all. It made me feel old and empty. It was as if I was dead and people were peering into my grave." How does he feel about it now? "Sad, very sad. It's such a big exhibition. So full of things. I look at it all and think what a waste. Why did I spend so much time working? I should have spent more time living."

Sottsass is not at all convincing when casting himself as a repentant workaholic, particularly as he goes on to rattle off a list of the Chinese houses, *Sevre* vases and other projects vying for space on his drawing board. But the scale of his retrospective is undeniably impressive. It fills two floors of the Pompidou Centre, covering his entire career from the workers' houses he designed with Ettore Sottsass Sur, his architect father, in the late 1940s, to the post-modernist



Sottsass: a man who has spent his life doing what he wanted

playpens he has been creating for his wealthy Japanese clients in the early 1980s.

The exhibition might begin and end with his buildings, but Sottsass has been most influential as an industrial designer and it is his designs that steal the show. He dabbled in fine art and architecture during the late 1940s when he returned to Italy from the Sarajevo prison camp where he spent most of the War. But his interest in design was kindled by a 1956 trip to the US, where he worked with George Nelson, one of the most innovative furniture designers of the era.

Sottsass's timing was perfect. The Italian companies of the 1950s saw design as an essential tool with which to establish themselves in the international market. They were eager to tap the talents of Sottsass and his fellow designers - Vico Magistretti, Marco Zanuso and the Castiglioni brothers. Sottsass was snapped up in 1953 by Olivetti, the electronics giant, to work as artistic director alongside Roberto Olivetti, the founder's son.

He feels happier about another high-profile project - Memphis, the group of furniture designers, including Michele de Lucchi and Robert

Graves, with which he collaborated in the early-1980s. Memphis shared the same bright colours and bold forms as Sottsass's 1960s and 1970s furniture. But he was then seen as a subversive of an iconoclast, whereas Memphis was absolutely in tune with its time. It provided the media with a very photogenic form of the post-modernist theories, then fashionable in academic circles. "Memphis really meant something," says Sottsass. "It was clear and uncompromising. That's why it was important at the time and why it still pleases me today."

Memphis was also one of the clearest expressions of Sottsass's own ideology. He owes his importance as a designer partly to his direct influence over younger collaborators and partly to his indirect influence over others, notably Philippe Starck, as one of the intellectual "guerrillas", whose ideas helped liberate post-war design from the tyranny of Bauhaus austerity.

"When I was young all we ever heard about was functionalism, functionalism, functionalism," he says. "It's not enough. Design should also be sensual and exciting; something that is really challenging."

The least successful aspect of the Pompidou retrospective is its attempt to express the theoretical side of Sottsass's work by displaying his photographs with accompanying essays. Some of the photography works, such as the *Design for the Rights of Man* series of still lifes that he took in the early 1970s and which even today are scathing satires on conspicuous consumption.

Yet the random snaps of trees or doors are of no more than passing interest. And the entire exhibition would be better off without the post-coital shots of hotel beds recently rumpled by the great designer. "I really wish I hadn't looked at those pictures now," winced one young visitor after reading the explanatory text. Perhaps she should have taken heed of the title Sottsass had given to one of his latest glass pieces - the Naomi Campbell.

The Ettore Sottsass retrospective is on show at the Georges Pompidou Centre, Paris until September 5

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**FINANCIAL TIMES**  
LONDON, ENGLAND



## PEOPLE

# The colonial comes home

Simon Davies and Louise Lucas examine the challenge facing Nigel Rich at Trafalgar House

When Nigel Rich arrives at his desk as chief executive of Trafalgar House this morning he will be facing the greatest challenge of his career. It is not the most obvious promotion to move from the helm of Jardine Matheson, the Hong Kong conglomerate with a market capitalisation of \$3.92bn a year, to run Trafalgar House, an ailing British group with a market value of \$1.5bn. Jardine Matheson enjoyed five years of profits growth under his leadership. But running Jardine is a very different task from turning Trafalgar around.

Jardine's main difficulties during his reign centred on the uncertainty created by the transfer of Hong Kong to Chinese sovereignty in 1997. The group's own politics are dictated by the London-based Keswick family, which exerts a control over the group belied by its stake of less than 10 per cent.

Jardine controls a myriad of South East Asian businesses, but the Keswicks have long been concerned about the political risks inherent in the 1997 hand-over of Hong Kong.

In 1984 they took the highly controversial step of moving Jardine's domicile from Hong Kong to Bermuda, and ten years later the company decided to move its stock market listing to London.

The purchase of an initial 15 per cent stake in Trafalgar in October 1992 was another step in the group's perceived move away from the colony. Hong Kong Land, the Jardine property arm, now owns 29.8 per cent of Trafalgar, and has invested more than \$200m to buy the stake.

Trafalgar was intended as a route by which Hong Kong profits could be channelled into a troubled conglomerate which it was intended would recover with the turn in the British economic cycle.

Early hopes have not been

fulfilled. Trafalgar's problems have been far worse than the Keswicks expected and Rich is being asked not only to restore the group's profitability but also the family's reputation. For Rich, thus far, has been very much the Keswick's man. The switch will be a culture shock for him. He is leaving the cosy club atmosphere of Hong Kong's business community, where he sat at the helm of two of the colony's three most powerful institutions - Hong Kong & Shanghai Bank, where he was a director, and the Royal Hong Kong Jockey Club, where he served on the board of stewards.

He will also have to give up the Hong Kong races, a central feature of the colony's corporate life. Together with Paul Selway-Swift, a friend and director of Hongkong Bank, he owns a horse called Rock'n'Reel and has ambitions to own more.

But in fulfilling a long-standing desire to return to the UK he is set to become a member of an even more exclusive club, the Jardine group's UK-based strategic core. This comprises brothers Simon and Henry Keswick, who alternate as Jardine Chairman, and Rodney Leach, a long time adviser and fellow director who is a former Rothschild's banker.

Born in Somerset, but a self-avowed Scotsman, Rich, now 49, went to Sedburgh School and New College, Oxford, before training as an accountant.

He joined Jardine in 1974, aged 29. Armed with his Scottish background - Scottish culture is a strong feature of corporate Hong Kong - he spent 20 years as the archetypal colonial corporate man, operating from the various outposts of Jardine's Asian empire.

He ran the group's businesses in the Philippines, the majority of which were acquired in the early 1970s through the takeover of Theo H. Davies, the sugar and trading group previously owned by

the family of his wife Cynthia. He first rose to prominence within Jardine in 1983 when he became finance director of Hongkong Land, the colony's leading property investment and development company, which was then teetering on the brink of collapse.

There he cemented his relationship with Simon Keswick, for whom he had already worked as an assistant. Keswick had been rushed back to Hong Kong as a hands-on non-executive chairman to protect the family interests in Hong Kong Land which had massively over-extended itself with HK\$1.5bn of debt by the end of 1983 when property prices plummeted.

Rich's relationship with Simon Keswick, with the recovery of Hongkong Land, which involved substantial layoffs, asset disposals and refinancing, masterminded by Rich and David Davies, the managing director. Rich's reward was the post of chief executive three years later.

In 1989 he rose to the pinnacle of the Jardine Matheson group as "taipan" where he became immersed in the political controversy which has dogged the group since it decided to move to Bermuda. Since it had been the first trading house formed in Hong Kong, the change of domicile by the so-called "princely hong" drew harsh criticism from almost every quarter in the colony.

During Rich's reign, the criticism escalated with Jardine's campaign to move its primary listing to London, which culminated in the decision earlier this year to quit the Hong Kong exchange altogether. All this and the Keswick family's support of Governor Chris Patten's political reform plans, led to Chinese accusations that Jardine was undermining the stability of the colony.

Rich endeavoured to keep out of politics, and was seen as a strong business manager, well respected by the senior



management team in Jardine's broad spread of businesses.

At Trafalgar, he will at least be able to focus entirely on business, but he is certainly arriving at a time of crisis.

In May last year, Hongkong Land completed a boardroom purge with the removal of Trafalgar's remaining old guard: Sir Nigel Brookes, the group's founder and chairman, and Sir Eric Parker, the chief executive.

Insiders say it has lacked a sense of direction since. The company stated that it wanted to focus on engineering and construction - businesses where it is a world leader - but it failed to get acceptable prices for the hotel and cruise line businesses it had wanted to sell.

A stated aim of winding down the group's property development and investment businesses has also diminished. The recruitment of one of the city's leading property men, Alan Winter, suggests that property will remain a focus.

Meanwhile, the economic recovery is yet to feed through to Trafalgar's engineering arm,

which made a further \$15m of provisions last month, in addition to the \$297.3m exceptional losses taken by the group late last year.

Rich will be expected to develop and communicate a new strategy and focus to the somewhat demoralised employees. Already, analysis is increasingly confident that profit margins in its construction and engineering division have bottomed out following substantial cost-cutting and job losses.

However, the share price has scarcely risen above the 89p level at which Hongkong Land launched the "dawn raid" back in October 1992.

There must be those within the Jardine camp who would question the wisdom of this investment. Rich has been brought in by the Keswicks to prove them wrong.

He is not one to shirk a challenge. Last year he took part in one of Hong Kong's more bizarre rituals, the annual MacLehose Trial, which involves walking 100km of mountainous trails. The trail ahead with Trafalgar will be equally arduous.



## Heirs to two fortunes seek to do good

When the Prince of Wales, the heir to the British throne, holds his next business leaders forum in Los Angeles in November, check who is at his elbow, writes William Hall. Tucked away alongside the great and the good from US blue chips such as American Express, Coca-Cola and Atlantic Richfield is likely to be the relatively unknown heir to a family fortune which is said to be many times bigger than that of Britain's royal family.

Ross Perot Jr, 34, the only son of the self-made Texan billionaire who spent \$80m on running for US president in 1992, has joined the board of the Prince's four-year-old Business Leaders Forum. Its mission is to promote the practice of good corporate citizenship and sustainable development internationally, as a natural part of successful business operations.

Ross Perot Jr's background is very different from that of his 64-year-old father, who was the son of an East Texas horse-trader and started out as a humble IBM computer salesman after he left the US Navy. He formed Electronic Data Systems in 1962 and sold it to General Motors in 1984 for \$1bn. Perot Sr, said to be worth \$2.4bn, remains one of the most colourful business tycoons in the US.

His son, by contrast, has a much more conventional background. After leaving the US Air Force, he joined the family business and now owns and runs the Dallas-based Hillwood Development Corporation. It develops and manages mixed-use residential and commercial real estate in 15 US cities and has 23,000 acres under development. It has also worked with 20 or so big corporations on

infrastructure projects to revitalise South Dallas.

The Prince's advisers hope that Perot Jr will use his experience to help champion sustainable development in urban areas which might be relevant on a wider scale in countries like China.

Perot's involvement with the Prince of Wales's Business Leaders Forum is yet another sign that he is starting to make his own mark in business. Last year, he acquired another status symbol when he bought the Circle Ranch, once the weekend retreat of Nelson Bunker Hunt, the fallen oil and silver billionaire.

As the late Armand Hammer, the founder of Occidental Petroleum, realised, being seen rubbing shoulders with the future King of England is good for business.

## Pascale's rapid rise up the line

The recent reshuffle at Italy's state holding companies has seen Ernesto Pascale promoted to the post of managing director of Stet, the telecommunications holding company which should be privatised within the next year, writes Andrew Hill.

Only three months ago, Pascale, 59, was named chairman and managing director of Telecom Italia, the newly formed Stet subsidiary which groups together all Italy's telecoms operating companies, including Sip, the domestic operator where he had been chairman for the previous three years.

But then last month, Michele Tedeschi, Stet's managing director, was asked to take over as chairman of Iri, the state holding company which is Stet's parent. Pascale (below) has now stepped into Tedeschi's shoes, and will play an important role - in tandem with Tedeschi - in the co-ordination of what some



analysts refer to as "the mother of all Italian privatisations".

Only the timing of Pascale's move was unexpected; otherwise the promotion was in line with his steady rise through the Italian telecoms sector. Pascale joined Stet in 1986 straight from university in Rome. He transferred to Sip in 1977, and also worked for more than seven years as managing director of Italcable - the telecoms company now part of Telecom Italia.

His combined chairman/managing director job at Telecom Italia has been split between Umberto Silvestri, who took over as chairman earlier this month, and Francesco Cichichigna, who has become managing director.

## Dunlap: no paper tiger

Albert Dunlap, turnaround expert and long-time cohort of Sir James Goldsmith, is anything but a paper tiger, writes Laurie Morse. A qualified paratrooper trained at the US Military Academy at West Point, Dunlap has made a career out of setting companies right, regardless of the waste laid round him in terms of jobs lost and divisions decimated.

He has been described most clearly as a shark, and was saying emotions have no place in business. His dispassionate hand is credited with pulling Lily-Tulip from the brink of collapse, and was employed by Sir James in the turnaround of Diamond International and Crown-Zellerbach. He remains on the board of Sir James' General Oriental Investments, and recently returned to the US from Australia, where he was CEO of Consolidated Press Holdings.

In April, Dunlap landed in the chairman's seat of Philadelphia-based Scott Paper, where he is already ripping away at the soft underbelly of its tissue paper business. When he arrived, Scott was embarking on an aggressive restructuring that would have cut 3,300 jobs over a period of two to three years. Dunlap quickly modified that plan, boosting the job cuts to 10,500 - or about one-third of Scott's worldwide total - and accelerating it so as to complete it by the end of this year. The restructuring is expected to net Scott benefits in excess of \$400m.

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## CONTRACTS & TENDERS

### LEBANESE REPUBLIC COUNCIL FOR DEVELOPMENT AND RECONSTRUCTION

#### TUNNEL HAREK HREIK - SAND'S INVITATION FOR TENDERING

In the scope of Beirut Southern Suburbs Utilities Upgrading, and according to the Law No. 246/ dated 12/7/1993, the Council for Development and Reconstruction invites qualified contractors for tendering for the execution of Harek Hreik - Sand's tunnel to discharge the storm water in Beirut Southern Suburbs.

The main works include the following:

- 1- A Tunnel from HAREK HREIK to HORSE EL KATIL, 580m long approx., with an inside circular diameter 3.6m.
- 2- A Tunnel from HORSE EL KATIL toward the sea with 965m long approx., and an inside circular diameter 3.6m.
- 3- A rectangular Box culvert from the end of the Tunnel to the sea with 530m long approx., and an internal Cross section with a width of 5m, and a depth of 3.2m.
- 4- A rectangular Box culvert from Sir El Abed to the entrance of the tunnel at Harek Hreik, 900m long approx., and an inside circular diameter of 3.6m.
- 5- Special Complementary structures for the tunnel such as: the entrance of the tunnel at Harek Hreik, the junction of the tunnel and the rectangular box culverts, the sea outlet near the Sand's beach, and other structures.
- 6- The Complementary Works include: reconstruction of roads, masonry sewers, storm water sewers, side walls and others works resulting from the execution of the project.

The tenders should meet the conditions specified in the tender documents related to the project.

Some of these conditions are:

- A- The contractor has executed, during the last 20 years for the Lebanese contractors, and during the last 5 years for the foreign contractors, systems of underground urban utilities in the same importance of the current project which includes tunnel works not less than 3000 meter long and not less than 3 meter in diameter.
- B- The earth works and the box culverts executed by the contractor in the last 20 years for the Lebanese contractors, and the last 5 years for the foreign contractors, should amount for not less than twenty five million U.S. dollars which includes a single Box culvert project for not less than One million U.S. dollars.

In the case of joint ventures between different contractors, at least one of the contractors in the group has to meet the conditions stated above in the paragraphs A and B, provided that all the contractors within the joint venture have executed works during the last 20 years for the Lebanese contractors, and during the last five years for the foreign contractors, amounting for not less than five million U.S. dollars.

Tenders must be submitted inside two separate sealed envelopes:

The first envelope shall contain the completed specification documents contained in the Tender Documents for this purpose and any other supporting documents proving the technical and financial ability and experience of the Contractor. The second envelope shall contain the commercial proposal.

The Tender Committee shall proceed, in a public session on Friday 14 October 1994, with the opening of the first envelope only and establish the ability and experience of the Contractors. The Committee shall retain only those Contractors who qualify to execute the Project and shall return the Tender Documents of those Contractors who do not qualify.

The Tender Committee shall then open the second envelope of only those Contractors who have qualified publicly at a date and time to be announced in due time.

Contractors who wish to participate in this Tender are invited to collect the relevant Tender Documents against a sum of U.S. dollars (\$ 5000) in the form of a bank's certified check in the name of the Council for Development and Reconstruction at the offices of C.D.R., during official working hours of Friday, August 12, 1994 at the following address:

The Council for Development and Reconstruction  
Tallet Al-Sury  
Beirut - Lebanon

Tenders are to be submitted at the above address not later than 12:00 hours noon Beirut local time at the offices of C.D.R. on Friday October 14, 1994.

## LEGAL NOTICES

### NOTICE OF PUBLIC TENDER

#### THE PARLIAMENT OF THE REPUBLIC OF SLOVENIA

hereby notifies interested international auditing firms that it has published in the Official Gazette of the Republic of Slovenia No. 48 of August 5, 1994,

#### A PUBLIC TENDER

inviting bids from international auditing firms to perform audits and submit reports on the use of financial assets and other assets owned by enterprises and banks undergoing financial reconstruction as well as on transfers of financial assets of suspected legitimacy performed by the aforesaid.

An evaluation is expected of whether transactions were genuine and prices and conditions were at arm's length and not to the detriment of socially owned assets and of whether illegal removal of socially owned and corporate capital took place.

The purpose of the investigation is to determine whether and to what extent public interest has been damaged and whether such damage has been caused by cooperation of persons with delegated public authority.

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هنا ان الاصل



OPENINGS

MILSINKI

This year's Helsinki music festival has a strong British presence. After the opening performance of *Macbeth* at the Opera House on Sunday, the programme offers a ballet by John Neschke inspired by the paintings of Francis Bacon (left), a performance of Britten's *Nocturne* by Neil Mackie and a pair of London Sinfonietta concerts devoted to music by Britten and other contemporary British composers. Jukka-Pekka Saraste conducts home favourites in Mahler's Eighth Symphony, and there is a concert devoted to Finnish composer Kalevi Aho.



EDINBURGH

This is John McEwan's first year in charge of the annual Edinburgh Festival, which opened yesterday. Sixteen of his artists appearing in this first week are returning after their success in one of his two previous festivals. Charles Macdonald begins conducting a Mozart opera in concert while preparing for a recording; the mezzo-soprano Olga Borodina (in photo) and soprano-Gemma Groves, the theatre director Robert Lepage and Peter Stein.

The first Mozart Ballet performs in its Edinburgh programme at the Edinburgh Playhouse Theatre, until August 20. Then on August 20 and 21, Mark Morris presents his masterpiece, *"Mozart"* at the re-located and excellent Festival Theatre, scheduled to be closed.

Feeling chosen Beethoven (left) is one of this year's featured composers. Edinburgh has nominated Wednesday as *"Beethoven"* day. The difficult gestation of Beethoven's only opera, which he examined through lectures and concepts, including a performance of *"Fidelio"* itself in Scottish Opera's new production, directed by Tim Albery.

ARTS

LUCERNE

The Lucerne Festival has broken off some of the whiffles of conservatism since Matthias Bamert (left) became director in 1992. This year's programme, starting on Wednesday, includes a 70th birthday tribute to avant-garde Swiss composer Klaus Huber, a series of events breaking the idea of traditional concert form. But the festival's main attraction - next to its beautiful lakeside setting - continues to be its enviable line-up of front-rank orchestras, conductors and soloists.



THE BARBICAN

The precipitous piano style of young jazz artist Julian Joseph is applied to a performance of Gershwin's *Piano Concerto in F* with the Royal Philharmonic Orchestra on Saturday. The weekend showing at the Barbican Hall also has Joseph in an improvised duet with Joanne MacGregor and some new arrangements on his own compositions. On Sunday, he reverts to familiar trio and big band workouts.

# Prurience or the pursuit of truth?

Biography is one of the most popular literary forms. But, says Jackie Wullschlaeger, its days may be numbered

W.H. thought it should never have been written. The critic Dame Helen Gardner called it "a directory for consenting adults." From the liberal Bloomsbury Set came calls for wholesale suppression. But thousands of readers lapped up its story of homosexual love and intrigue, and it changed the face of post-war British biography.

The book was Michael Holroyd's life of Lytton Strachey, first published in 1967 and re-issued, with much new material, next week. It is still a marvellous read, and its fresh crop of sexual details - chiefly about the amorous triangle of Strachey and artists Dora Carrington and Mark Gertler - continue to interest. But this time round Holroyd's revelation will barely raise an eyebrow, because the liberal biographical climate which the book engendered in the 1960s has now become the norm.

No book since Strachey's own

*Eminent Victorians* in 1918 has had a greater effect on the way we interpret and reconstruct past lives, and to trace the joint influence of Strachey and Holroyd on modern biography is to trace a revolution both in our attitudes to sex and to art, as in our growing fixation on the private lives of public figures. Is the tradition they began still a liberating force in British culture, or has it now gone too far?

In 1918 Strachey blew the whistle on the earnest, tip-toeing Victorian style of biography with his sarcastic account of 19th century icons such as Florence Nightingale and General Gordon. Half a century on, Holroyd's biography of his own turned the tables on the Bloomsbury writer, bringing to the surface methods of interpretation which Strachey's *Victorians* purring had only implied. Discussing Strachey's affair with Duncan Grant, the madcap proposal to Virginia Woolf - "I was in terror last she should kiss me" - and the effect of schoolboy crushes on his neurotic experiences,

Holroyd showed that a full picture of an individual could only be drawn if it included intimate details, the inner life as well as the outward achievement. "Rather wonderful and terrible how all that can now be said," wrote Nancy Mitford of the book.

Modern literary publishing for good and ill, has never looked back. On the one hand, Holroyd's spirit of openness and his elegant novelistic style, burst the floodgates of biographical restraint and made biography a popular, best-selling genre. Its highlights include some of the best books of the last 30 years, such as Richard Ellmann's life of Oscar Wilde, Victoria Glendinning's *Trollope*, Lyndall Gordon's *Charlotte Brontë* - all exquisite accounts of the personal lives of writers within the context of their work and times.

On the other hand, many recent books suggest that the post-1960s tradition of tolerant, revealing biography is entering a last, decadent phase in which all that matters is

an artist's sex life. Extended speculation on the sexual habits of Hardy and his second wife, for example, made Martin Seymour-Smith's massive scholarly biography of the writer, published this year, a joke. Recent lives of Picasso and Brecht chronicled their lovers rather than their work. And as new biographical subjects run out, lives of wives and girlfriends - Lawrence's women, Madox Ford's lower, Flaubert's mistress - replaced them, licensing pages of dull pillow talk. Where Holroyd or Ellmann made biography an art form, the tail end of their tradition is degenerating into vulgar titillation.

It is no coincidence that Holroyd and Ellmann's masterpieces are both about homosexual satirists, Strachey and Wilde, who spent their lives trying to change social and sexual attitudes. Strachey and Wilde's homosexual affairs, even poses, the flirtation with scandal marked them as outsiders and were bound up with the mockery of repressive convention in their

works such as *Eminent Victorians* and *The Importance of Being Earnest*. As sexual pioneers, their biographies cried out for a link between life, art and the wider social panorama, and it is this which makes Holroyd's *Strachey* and Ellmann's *Wilde* so entertaining and significant.

But take away this dimension, and catalogue Hardy's efforts to stimulate her ageing husband, or Picasso's pick-ups, and you are left with a dull quasi-pornographic record masquerading as a serious book. For what makes sex on the page subversive and interesting is social context. F.R. Leavis to call his students that Strachey was responsible for the outbreak of the second world war; Paul Johnson has argued that by destroying patriotism, Strachey created a national emptiness which became the homosexual recruiting ground at Cambridge for Soviet spies.

It was these sort of links between culture and sexuality that made

Holroyd's 1967 biography so inflammatory. In 1994, Holroyd's new material on Dora Carrington, Strachey's adoring companion, and the second half of the book is now also a biography of her. She attracted to their home the sort of virile, charismatic young men that Strachey loved and married one of them to ensure that their ménage lasted. Eventually, wrote a lesbian affair "killed my desires for Les Bitches. Garçons etty completely," and when Strachey died, she shot herself.

This tumultuous tale has much gloss and few social reverberations, and is the weakest part of the book. But so have Carrington's flamboyant private lives like Carrington's become for their own sake, that this new section has immediately been seized upon to enter 1990s mainstream culture; a film, *Carrington*, directed by Christopher Hampton, starring Emma Thompson and Jonathan Pryce, is to be made of it and will open next spring. Nothing shows more clearly the revolution in our attitude to private lives that Strachey's and Holroyd's work has effected this century.

## Theatre Under Their Hats

*Under Their Hats*, a compilation of pieces by Flanders and Swann at the King's Theatre, is a spoof on the old D'Oyly Carte Opera Company. Why does Gilbert and Sullivan still have bite while much of Flanders and Swann is inoffensive? Perhaps because the Victorians were so full of it, though they targets in stalls. Flanders and Swann look on the audience as their accomplices and a cosy conspiracy results. At its includes whimsy. It can patronise the safely non-theatre-going ("The Gasman Cometh"). The double bluff of the "Song of Patriotic Prejudice" bespeaks the true complacency of nationalism by apparently laughing at it. And a certain philistinism is taken for granted in the audience, even in the "Guide to British Drama" in next turns of phrase ("Albert Herring was picked and cured").

Yet just when you are damning the entertainment as irredeemably middle-class and hopelessly English up pops something extraordinary: a song prompted by the announcement that the result of stockpiling nuclear arms was a total of "twenty tons of TNT" for every human being in the world. The song is magnificent in its controlled anger and urgency; as scathingly deadpan as anything by Brecht.

In Wendy Toye's production two women and four men mix biographical detail with the comedy. There emerges a gentle idealism. This is less apparent in the innocent political mockery of "There's a hole in my budget" than the ironic self-congratulation of countryside polluters ("The Bedstead Man") and the exhaustingly dedicated modishness of "Design for Living" ("We're terribly House and Garden").

Above all, there are the animals. The well-loved hippo of "Mod" and the gun of course, but more interestingly the wistful, the lonely and the yearning. Susie Blake adds a Chekhovian dimension to her musings on what she might have done if she hadn't been a cloth hanging upside-down. And I had forgotten the extraordinary, and surrealism of "The Armadillo", a fey tragedy-comedy worthy of Edward Lear.

Of the big set pieces, Stefan Bednarczyk displays extraordinary breath-control in the famous Mozartian "Il Wind" ("I bought a French horn..."), and in "Los Olvidados" Moray Watson describes the olive-stuffing festival in terms of the bull-fight with a serious sense of the ridiculous that almost disguises its contempt for the corral. You realise that quite a lot of satirical edge can be blunted by cheerful humour. Perhaps Flanders and Swann were the last.



Detail from Dora Carrington's portrait of Lytton Strachey, finished at the end of 1916

Strachey first weaved sex into cultural criticism - of Virginia Woolf to *The Lighthouse*, he complained that "it is the lack of copulation that worries me" - at a time when it was radical and provocative to do so. Now the pendulum has swung the other way, and our culture goes so far as to judge public or artistic achievement by private affairs, hence the biographies which dissect Picasso's painting or Brecht's plays because their creators were irresponsible in bed, or the lives of Flaubert and Madox Ford's lovers, which accord their subjects artistic status because they slept with great writers.

Since "Lytton Strachey" appeared in 1967, there have always been those keen to curb this prurient interest - from a Spectator article in 1968, warning that fears of Stracheyesque indiscretion would lead potential biographical subjects to destroy letters and journals, to the Lord Chancellor's 1993 consultation paper on "The Infringement of Privacy" which recommended restriction of published material causing "substantial stress, to relatives or descendants".

For the biographer, this form of censorship would be disastrous. But contemporary biography is more endangered by its own trends towards sex'n'shopping than by outside restrictions. The new edition of Holroyd's classic biography (*Chato* £25, 780 pages) looks as bright and undated as if it were written this morning - a tribute to its style and insight, but also a comment on the fact that no new biographical tradition has emerged since the 1960s. Where is the Michael Holroyd, or indeed the Lytton Strachey, for the 21st century?

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Martin Hoyle

## INTERNATIONAL ARTS GUIDE

### BERLIN

- Maximilian Schell stars as Professor Higgins in a German-language staging of *My Fair Lady* directed by Frank Dunlop. Daily except Mon at the Schiller Theater (030-313 5031)
- The annual open-air Shakespeare production at Freilichtbühne Zitadelle in Spandau is Romeo and Juliet. It runs till Aug 30 (030-331 8920)
- A new choreography by German choreographer Susanne Linke opens at Mollat Olympia Stadium on Sun, followed by Phil Collins on Sep 1 (030-809800)
- The 1994 Berlin Festival (Aug 30-Sep 29) includes performances by the Berlin Philharmonic Orchestra under Abbado, Berens, Boulez and Tennstedt, plus recitals by Pollini, Brendel and Christa Ludwig, guest performances by St Petersburg's May Theatre and a focus on the music of Berthold

Goldschmidt (030-2548 9250)

### COLOGNE

The new season at the Philharmonie begins on Fri with a Cologne Radio Symphony Orchestra concert conducted by Heinrich Schiff, featuring works by Mozart, Haydn, Shostakovich and Prokofiev. Selj Ozawa conducts the Salto Kinen Orchestra on Aug 25, and Schiff reappears as cello soloist in orchestral concerts on Aug 26 and 27. James Conlon conducts the Gürzenich Orchestra in Bruckner's Ninth Symphony on Aug 28, 29 and 30 (0221-2801)

### DRESDEN

Semperoper Tomorrow: Krzysztof Penderecki conducts *Sinfonia Varsovia* in works by Prokofiev, Penderecki, Tchaikovsky and Mendelssohn, with cello soloist David Geringas. West: Frank Peter Zimmermann conducts Haydn's *The Seasons*. The opera season begins on Aug 25 with a revival of *The Cunning Little Vixen*. Giuseppe Sinopoli conducts orchestral concerts on Aug 28, 29 and 30 (0351-484 2823)

### FRANKFURT

This year's Frankfurt Festival runs from August 26 to October 3 at the Alte Oper. Highlights include concerts by the Israel Philharmonic Orchestra conducted by Georg Solti, the Chamber Orchestra of Europe under Gennady Rozhdestvensky and the Los Angeles Philharmonic under Esa-Pekka Salonen, plus a

performance of Mahler's Eighth Symphony, world premiere of works by Wolfgang Rihm, Luca Lombardi and Edison Denisov, and recitals by Anne Sophie Mutter, Midori and Mitsuko Uchida (069-134 0400)

### HAMBURG

● David Merrick's musical 42nd Street runs daily till Aug 28 at the Deutsches Schauspielhaus (040-248713)

● Hamburg's annual music festival runs from Sep 4 to 18, with a special focus on Schumann and Paul Dessau (040-354414)

### NEW YORK

**THEATRE**

- Three Tall Women: a moving, poetic play by Edward Albee, dominated by the huge, heroic performance of Myra Croll. She, Jordan Baker and the cast and delightful Marian Seldes represent three generations of women trying to sort out their pasts (*Promenade*, Broadway at 78th St, 239 6200)
- Angels in America: Tony Kushner's two-part epic conjures a vision of America at the edge of disaster. Part one is *Millennium Approaches*, part two *Peregrinations*, played on separate evenings (Walter Kerr, 219 West 48th St, 239 6200)
- Perfect Crime: Michael Madsen's long-running thriller about a wealthy psychiatrist accused of murdering his husband, and the small-town detective who tries to prove she committed the perfect crime (Duffy, 1553 Broadway at 48th St, 239 3401)
- Two Gentlemen of Verona:

summer in New York means free Shakespeare in the Park, care of the New York Shakespeare Festival. Their revamped box office policy means that audiences no longer need to queue all day for tickets - though that was part of the fun. Adrian Hall directs Shakespeare's comedy, opening on Thurs (861 7277)

● Laughter on the 23rd Floor: Neil Simon's 27th Broadway play, about a group of writers trying to come up with a new show, is one of his finest comic efforts. Directed by Jerry Zaks (Richard Rodgers, 225 West 48th St, 307 4100)

● Suburbia: a dramatic comedy by Eric Bogosian about a group of angry and aimless 20-year-olds who hang out in the parking lot of a 7-Eleven. Ends Aug 28 (Mitsi E. Newhouse, 150 West 85th St, 239 6200)

● Carousell: Nicholas Hytner's bold, beautiful National Theatre production from London launches Rodgers and Hammerstein towards the 21st century (Vivian Beaumont, Lincoln Center, 239 6200)

● Kiss of the Spider Woman: pop star and ex-Miss America Vanessa Williams has taken over Chita Rivera's starring role in the long-running Kander and Ebb musical directed by Harold Prince (Broadhurst, 235 West 44th St, 239 6200)

● Crazy for You: the musical based on Gershwin's *Girl Crazy* recently passed its second anniversary on Broadway. A highlight of this giddy entertainment is Susan Stroman's choreography (Shubert, 225 West 44th St, 239 6200)

● Guys and Dolls: a top-notch

revival of the 1950 musical about the gangsters, gamblers and good-time girls around Times Square (Martin Beck, 302 West 45th St, 239 6200)

### MUSIC

● The Lincoln Center's Mostly Mozart Festival is in its final week. Tonight's period instrument concert is given by Tafelmusik. Gerard Schwarz conducts the Mostly Mozart Orchestra tomorrow and Wed in works by Schubert and Mozart, with violin soloist Christian Tetzlaff. The Chamber Music Society of Lincoln Center plays Mozart, Beethoven and Mendelssohn on Thurs. Gerard Schwarz conducts the final concert on Fri and Sat, featuring Mozart's *Eine kleine Nachtmusik* and Beethoven's Ninth Symphony, with a line-up of soloists headed by Carlo Vanzini (875 5030)

● The Metropolitan Opera's 1994-5 season opens on Sep 26 with a gala featuring Plácido Domingo in *Il Tabor* and Luciano Pavarotti in *I Pagliacci*. The first new production will be *Lady Macbeth of Mtsensk*, opening on Nov 10 in a staging by Graham Vick conducted by James Conlon, with a cast headed by Maria Ewing (362 2000)

### PRAGUE

Prague Musical Summer, a concert series organised by the Prague Symphony Orchestra, runs till Sep 6 in three venues - the Church of Saints Simon and Jude, the South Garden of Prague Castle and the Dvorak Hall of the Rudolfinum. This week's programme includes recitals by the Tel Aviv Quartet tomorrow, La Menn Cathedral Choir on Wed

and Apollo String Quartet on Thurs. The Severian Youth Orchestra plays works by Mozart and Bruckner on Sat (02-2489 3111). Tickets and information for other events can be obtained at Bohemia Ticket International at Na Příkopě 16 in the city centre (02-2421 5031) or from abroad at BTI, Salvatorova 6, 11000 Prague 1 (tel 02-2422 7832 fax 02-2481 0368)

### VIENNA

● The Roman ruin in the park of Schönbrunn, the former residence of the Hapsburgs, provides an open-air venue for the Vienna Kammeroper's summer productions. Don Giovanni runs daily except Wed and Sun till Aug 27 (01-513 0851)

● Klangbogen, Vienna's summer concert series, runs till Aug 30 at various venues throughout the city. This week's programme includes concerts on Wed and Thurs by the Orchestra della Svizzera Italiana with cello soloist Ofra Haron and contralto Nathalie Stutzmann (01-4000 8410)

### ZURICH

Opernhaus The new season begins next Mon with the first of four celebrity orchestral concerts conducted by Vladimir Fedoseyev, Mariss Jansons, Marcello Vitti and Georges Prêtre. The first opera performance is on Sep 1, when Mara Zampieri, Neil Shicoff and Ruggero Raimondi head the cast in *Tosca* (01-262 0909)

Tonhalle Claus Peter Flor conducts Tonhalle Orchestra in a Beethoven cycle on Aug 24, 29 and Sept 11

### ARTS GUIDE

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## FINANCIAL TIMES

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Monday August 15 1994

## Case for Aids vaccine trials

As researchers, epidemiologists, and patients returned this week-end from the 10th international Aids conference in Yokohama, the mood could not have been gloomier. The disease is spreading; none of the available drugs has proved particularly effective; and prospects for a vaccine, uncertain at best, have been put back by US unwillingness to initiate trials of those that have been developed.

The most disheartening news is the epidemic's continuing rapid acceleration in Africa, home to 80 per cent of all people infected with HIV, the virus which causes Aids, as well as in Asia. Three million more people have been infected over the last 12 months, making a conservative total of 17m. In parts of Uganda, Aids-related deaths account for half of all deaths. Infections have tripled in India since 1992 and risen tenfold in Thailand since 1990.

Meanwhile, the ability of doctors to deal with the virus appears to be deteriorating. At Yokohama, clinical data were put forward on treatments that might help against the opportunistic infections that afflict Aids patients. But the confirmation that the drug AZT is incapable of slowing progress to death in non-symptomatic, HIV-positive patients means there is no proven effective treatment for such people.

Little is in the pipeline to take AZT's place. Without new medicines to test, patients are being urged to combine the existing ones. Whether these will be effective or practical is open to doubt. In any case, most patients in industrialised countries already have difficulties paying for treatments which are individually expensive. Taken simultaneously, they would be exorbitant.

## The deciding factors

It may, so far, be a voteless UK recovery, but it has certainly not been without profit. The healthy earnings figures seen in this reporting season will not excite the electorate, but they highlight the unusually buoyant state of the UK company sector. Given what came before, the divergence between public and corporate sentiment is somewhat to be expected. Whether it continues will depend less on how much cash companies have and rather more on how they decide to spend it.

The UK corporate sector's record cash surplus in the first quarter of 1994 crowned a rapid turnaround in company balance sheets since the recovery began. This was achieved largely through heavy repayment of debt, made possible, in turn, by the prior resilience of profits. Non-oil profits, currently 28 per cent of onshore gross domestic product, never fell below 25 per cent in the 1990-92 downturn compared with troughs of about 18 per cent in 1974-75 and 1980-81.

How was this achieved? Companies reacted unusually quickly to the onset of recession, running down stocks and labour so as to maintain profit margins, which were given support anyway by the relatively shallow slump in output. As a result, sterling unit labour costs rose by a total of only 12 per cent over the 1990-91 period compared with a cumulative rise of one-third and 57 per cent respectively at a comparable stage in the past two downturns. Continued falls in manufacturing employment and subdued wage growth have helped build profits further as the economy has picked up, though they have done little to raise consumer spirits.

## High margins

Those at the receiving end of that disquiet, notably retailers, have found their profit margins under pressure. But for the economy as a whole margins are high by historical standards. This is one reason why the fear that companies will raise prices in response to rising commodity prices is misplaced. Another is that the cost of materials accounts for a mere 8 per cent of UK companies' direct costs. If companies choose to raise prices, nonetheless, it would strengthen the case for retreating in

While efforts to boost condom use and public education must be stepped up and given greater support by aid donors, they can only provide a partial answer. The best solution in the long term will be a vaccine. Experimental injectable versions are available. The only way of testing to see if they work and are safe is through large-scale trials. Delegates, particularly from Africa, pleaded last week for such studies to be started. Yet the vaccines they want to test have just been rejected in the US. The American authorities were unconvinced the vaccines could outwit HIV, and believed the risks involved outweighed the benefits. These risks are considerable: volunteers could adopt more risky behaviour in the mistaken belief they were protected from HIV; they could even be infected by the vaccine itself.

## Desperate dilemma

The American decision set back Aids vaccine development in the US, possibly by three years. This poses a desperate dilemma for the World Health Organisation, which had been planning to co-ordinate vaccine trials in Brazil, Thailand and Uganda.

The simple case for proceeding with trials in developing countries is that this would be in the best interests of their people. The cost and impracticality of likely alternatives makes a vaccine the only realistic solution. While it would be desirable if the US authorities overcame their objections to the vaccines in question, there can be no denying that the risk-reward equation is different in America. Not only is the incidence of the disease lower than in many developing countries, but drugs companies might come up with a way of controlling it through means that would never be affordable in the poorest countries.

It would be out of the question to contemplate a standard sequence for trials of new drugs that started with animals and moved on to Africans, before finally to Americans. But by virtue of the incidence, Aids is a special case. Individual participants in any trials must be fully informed of the risks. This is the threat faced by the people of developing countries makes those risks worth running.

the recovery with a rise in interest rates. But its long-term sustainability will depend just as critically on how companies decide to spend the cash they already have.

Cash-rich companies can do any (or all) of three things: raise dividends, engage in mergers or takeovers, or invest in real assets.

## Dividend growth

As noted in the latest Bank of England Quarterly Bulletin, a higher percentage of companies were willing to reduce dividends to pay off debt in the past recession. Nevertheless, this had little impact on overall company sector dividend payments, which were at a 20-year high of 3.6 per cent of GDP in 1993. The financial markets seem to expect even higher payouts in future. Gallup's latest institutional investors' survey reports expected all-share dividend growth of 8.5 per cent in 1994 and 8 per cent next year, compared with the 6 per cent expected for both years when January's poll was taken.

Mergers and acquisitions have picked up somewhat over the past year. But, while a new takeover boom would distract companies' attention from investing in higher capacity, it need not prevent it. A more important barrier, some argue, is the high barriers to their investment projects. Investment has yet to rise significantly in this recovery: manufacturing investment was 4.7 per cent lower in the first quarter of 1994 than it was in 1993. As a percentage of GDP, investment may appear to have held up better during this recession than at the start of the 1980s, but the recent sharp fall in the price of investment goods makes it more difficult to find a clear contrast. Certainly, other investment expectations are as subdued as they were in the middle of 1993, at precisely the same stage in that recovery.

Conditions then were ripe for the seven-year upturn in investment which began a few months later. With company profitability much higher now than in the early 1980s, it is difficult to believe that the same factors favouring investment will not reassert themselves. In the meantime, the chancellor must focus on ensuring that the factors favouring inflationary growth do not.

Mexico's governing Institutional Revolutionary party (PRI) has won 10 consecutive presidential elections. It was founded in 1929, making it the longest continuous-ruling party in the world. On Sunday, it is expected to win an 11th - extending its run in power until the next century.

The opposition hopes of a last-minute victory. But the PRI's lead is so great in national opinion polls that its supporters are more worried about the size of presidential candidate Mr Ernesto Zedillo's victory, the threat of protests over the result, and whether - once in office - Mr Zedillo, a former central bank official and budget minister, will be committed to pro-market economic policies, or back Mexico's pressing political and economic problems.

Ms Nancy Belden, a respected US pollster who has just completed a survey that puts the PRI 27 percentage points ahead, says: "The lead is so commanding that it would take a rather large turn of events to see someone else come ahead." Unless that happens in the next few days, the PRI will win more than half the seats in the House of Deputies, the lower house, and three-quarters of those in the Senate.

The PRI has won popularity despite growing economic and social unrest. Ms Belden's poll shows widespread voter dissatisfaction with the economy, and a general conviction that corruption, pollution, crime and poverty are stagnant or worsening. But voters do not believe that the opposition is better placed to resolve these problems than the governing party.

Such views reflect poorly on the campaigns of the main opposition parties. Mr Diego Fernandez de Cevallos, of the centre-right National Action party (PAN), at one point looked to be seriously challenging the PRI after a strong performance in a television debate with Mr Zedillo. But soon afterwards, he almost disappeared from public view for nearly a month. The official explanation was that he was briefing himself - and his party has been criticised for not publishing a detailed platform, preferring to concentrate on a few broad themes and attacks on the government. Support for the leftwing Party of Democratic Revolution, led by Mr Cuernavaca Chiriquena, has remained weak.

The electorate may be sticking with the PRI in part because of the political turbulence this year, which appears to be making voters more, rather than less, afraid of change. At the beginning of the year, a Zapatista peasant revolt in Chiapas, a state seeking the overthrow of the ruling president, Mr Carlos Salinas, was crushed easily by government troops. But it high-

## Just winning is not good enough

Damian Fraser says the political system - as well as the candidates - are under scrutiny in Mexico's elections



lighted the extreme poverty in which many Mexicans live and the authoritarian nature of PRI rule.

In March, the assassination of PRI presidential candidate Luis Donaldo Colosio heightened political tensions still further and led to divisions within the ruling party over the nomination of Mr Zedillo.

More significant reasons why the PRI is apparently defying political gravity are its organisation (which is far superior to rivals), seemingly unlimited campaign resources (much of it from business) and favourable television and radio coverage (much of which is owned by PRI supporters). Although this campaign is more equitable than previous contests, the PRI is set to spend more than \$200m on the presidential and congressional races - far more than all the opposition parties combined.

While such advantages are expected to enable the PRI to win the election, party officials admit that victory will not be enough: the voters, and at the very least the centre-right PAN, will have to be convinced that the election is fair. Otherwise the opposition will almost

certainly win the 1988 presidential elections, threatening the stability of the political system.

"We are at a turning point in Mexico's history. We either have to have democracy or there will be civil conflict," says Mr Zedillo, a 34-year-old former minister and delegate at a Zapatista-organised congress on democracy in 1992.

Winning legitimacy will not be enough. The memory of the 1988 election - when the opposition won a narrow victory - still haunts the party. According to the Belden poll, 30 per cent of Mexicans believe there will be "considerable" or a "great deal" of fraud on Sunday.

The PRI and many independent observers (including from the UN) counter that the electoral system has been completely reformed since 1988. The government has handed over its supervision to six independent scrutineers, approved by all the main political parties. These will be complemented by independent observers,

including some from overseas. Exit polls and results from a representative sample of early returns will be released to reduce further the scope for fraud. Mr Enrique Calderon, a senior observer, says: "Every step in the election process is now very explicit. We can detect if there is any rigging."

Nevertheless, problems may remain in rural areas where there is a tradition of ballot-rigging and, if previous elections are a guide, there will be much debate over whether irregularities that are found are mistakes or fraudulently intended.

An election that was considered fair at home as well as internationally would, however, greatly help Mr Zedillo in his efforts to maintain political stability. He could claim, unlike President Salinas, who was elected in 1988, that he had a democratic mandate for his policies, and argue that the PRI had made a decisive step from being the electoral arm of an authoritarian state towards being a democratic party.

But a clean election may not be enough to win over the growing number of dissident political organisations opposed to the PRI and,

more importantly, the political system that the party dominates. As last week's Zapatista-organised convention indicated, the left wing in Mexico, though a small minority, is willing to use public protests as a weapon against the government.

"There are too many signs that the political *modus operandi* that maintained stability in Mexico from 1929 no longer works," says Mr Guillermo Valdez, political analyst with the Mexico City-based consultancy, GEA. "You have more and more political forces not controlled by the PRI that are looking for political power."

Mr Zedillo has indicated that he will respond to the new political pressures by pushing through further democratic reforms. He has promised to decentralise power to 32 regions, to give the judiciary more independence from the executive and to let Congress have more influence in drawing up legislation. Mr Zedillo also says he would seek to put the PRI on a par with other political parties by distancing himself from internal PRI divisions and encouraging it to internal candidates for elective office democratically.

Implemented, such reforms would open up more opportunities for dissident political parties. But they could also undermine the predictability of Mexican politics in the past 65 years, which has depended on a president's mandates being put into practice.

Mr Zedillo could strengthen his hand, however, if he could engineer a return to strong economic growth and provide jobs for the approximately 2m Mexicans who enter the workforce every year. Over the past couple of years, Mexico's economy has been stagnant, as domestic industries have suffered from international competition and high interest rates, pushed up by recent political uncertainty.

Mr Zedillo has vowed to raise infrastructure spending by 25 per cent to improve economic growth. He and his advisers are confident that capital inflows brought in by the North American Free Trade Agreement will boost growth over the long term.

But the effect of NAFTA is double-edged: it is leading to a process of economic restructuring, with inefficient companies closing, but the lost jobs are not yet being absorbed by new arrivals. And a continuation of pro-market economic policies is unlikely in the medium term to improve Mexico's uneven distribution of income.

Mr Zedillo is likely to have a difficult task steering Mexico towards the status he covets for the country - to be a successful part of the industrialised world - even if he wins Sunday's election cleanly and legitimately.

Peter Norman says the UK Treasury's independent economic panel is eminently disposable

## Wise-eyed but legless

The UK Treasury's independent economic panel is probably doomed to

some bright spark dubbed its members the "wise men".

But not even the most hard-boiled cynic, versed in the ways of economic and government, could have supposed that this group would be quickly lost all influence over UK economic policymaking.

True, the group added fleetingly to the paucity of the nation last summer, when one of its number - Professor Tim Congdon - triggered an unseemly squabble among its members about who produced the best forecasts. Since then, however, the wise men's panel has become something that would be best forgotten.

This is not to denigrate its individual members. All of the original seven - Andrew Britton, director of the National Institute of Economic and Social Research; Congdon, managing director of Lombard Street Research; David Currie, the head of economic forecasting at the London Business School; Gavyn Davies, chief UK economist for Sachs in London; Wynne Godley, professor of applied economics at Cambridge; Patrick Minford, profes-

sor of applied economics at Liverpool; and Andrew Sentance, economics director of the Confederation of British Industry - have their merits and have, over the years, contributed to the diversity of economic debate in the UK. This observation is just as true since the panel has shrunk to six from seven, following the departure of Sentance to work with Currie at the LES last December.

But the experiment of putting a mixed bag of economists together with the Treasury's forecasts three times a year to prepare reports on the current position and future prospects of the UK economy has added little to the sum of human knowledge. If anything, it has curbed economic debate by turning true iconoclasts such as the monetarists Congdon and Minford and the neo-Keynesian Godley into halfway establishment figures.

This, no doubt, was at the back of the mind of former chancellor Norman Lamont when he created the group in late 1992, as part of the moves to patch up an economic pol-



Things which never would be missed

icy for Britain after the fiasco of sterling's exit from the European Monetary System. At that time, the Treasury's reputation for policy-making was at an all-time low, and that of its forecasters little better.

The idea of the forecasting panel was a minor stroke of genius. The panelists could be trusted by being told that they would provide policy recommendations: they never

were to meet Lamont but have met Kenneth Clarke twice, although to what effect no one knows. The innovation could be sold to the public as an example of government openness. But most attractive of all, the panel's forecasts could be shown to be as fallible as the government's.

The press played along with the wheeze. "Treasury calls in a clutch of flamboyant forecasters" was the breathless headline in the Financial Times on the day after Lamont's announcement. For a while, no place of news could be complete without one or the other - or preferably all seven - adding their two pennorth of comment.

Such celebrity would have been difficult to sustain as the best of times. But the decline of the group's influence has undoubtedly been hastened by the intervention of the unknown scribe who coined the phrase "wise men". This was bound to lead to a slow seepage of authority and prestige in a country so hostile to intellectualism as Britain.

The idea of "wise men" also had a faintly Teutonic air. And, indeed,

Germany has a panel of "wise men" who produce a report on the economy for the government once a year. But at least they have a role to play in the carefully choreographed creation of a national consensus on wage setting and the state of the economy.

The routine is that Germany's leading economic research institutes produce a forecast for the following year in October. Their wise men follow up with a thicker tome in November which usually echoes the points raised in the institutes' report. All other forecasters then fall into line. By the time the government produces its annual report on the economy early in the new year, wage bargainers know how much pay increases should be.

The contribution of Germany's wise men to the nation's welfare is not great, but it is significant. It is certainly more than the Treasury's panel can hope to achieve.

The only consolation to UK taxpayers from present arrangements is that they will not break the budget. The panelists each receive £225 plus expenses for attending meetings. If nothing else, the "wise men" come cheap in a Whitehall ridden with highly paid consultants.

## Unison on stage

Britain's trade unions are not normally fertile sources of sex, money and the media which is probably why Unison, the public services union, has decided to sponsor one instead.

The union has given £15,000 to back *Abducting Diana*, a satirical play by David Foxx about a woman millionaire media tycoon who has a penchant for picking up young men for afternoon sex.

In the past Unison has concentrated more on sponsoring high-class "agit prop" - that's agitator propaganda to you and me. However, it is keen to move away from "over socialist themes" and in March tried to sponsor a football game between Plymouth Argyle and Barnet.

*Abducting Diana*, which opens at the Edinburgh festival tomorrow, seems assured of more success. But in case Unison members find it too heavy going they can reserve a place for themselves at the highlight of the summer season - the annual TUC conference, which starts a short run at Blackpool's Winter Gardens three weeks later.

## Last man in

There is something rather reassuring about the sight of 39-year-old Barry Pearl leading

Winterflood Securities into the gilt-edged market this morning.

After all, Pearl was the last gills jobber to quit the floor of the stock exchange after Big Bang. Pearl soldiered on alone, making prices at his podium by telephone or face-to-face with the occasional broker who wandered by, long after his competitors had departed the stock exchange floor for high-tech skyscrapers. But in 1993 a storm cut off all lines of communication, forcing him to retreat up into the office and take his place in front of a screen. Since then, he has never looked back.

## Len's last word

"As global as business itself" gushed a recent corporate ad for UBS, Switzerland's largest bank. Not so, according to Len Harwood, who resigned as head of debt capital markets at UBS in London last month.

Indeed, Harwood blames his departure on UBS's lack of global presence. "The big ticket deals these days go to firms with a global set-up," claims Harwood in the latest issue of *EuroMoney* magazine. "I didn't see UBS becoming a global player." Tough news for one of the few banks in the world still sporting a triple 11 credit rating.

Again, Harwood's view of UBS may have been coloured by the arrival from Bankers Trust, in December, of John Giannotti, who

## OBSERVER



"I was at Woodstock but I can't remember which one"

was appointed over his head to run origination and derivatives.

Whatever the reason for his exit, the man once dubbed the "Billy Graham of the euro-commercial paper market" doesn't expect to be out of work for long. His passion for the medium-term note market, in particular, remains undiminished judging by his personalised car number plate - A1 MTN.

## Foggitt due

Bill Foggitt, the Thirsk weather sage whose accuracy at forecasting early outbreaks of that of Pungentway Phil, the

Pennsylvania groundhog, is basking in the prediction he made of Britain's hot summer.

After the hottest July since 1983, he said, the rest of August would produce a mixed bag of rain, sun and thunderstorms. Thirsk has had two thunderstorms in the past fortnight and more are on the way, said Foggitt, a thunderstorm enthusiast. He can recall one storm on August 28 1930, the day Princess Margaret was born, that lasted the whole night.

While that was the longest, the most violent he can remember was in September 1968, when a flash of lightning put his telephone out of order. "I would have been killed if I'd been there at the time," he said. Was that a rumbling in the distance? ■ answer. Foggitt had hung up.

## Saucy export

Goodbye, Chicken Kiev. Hello, mushy peas. For the next seven days Ukrainians will be able to pay \$50 a head to be subjected to the best of British cooking (Kiev's new Red Fort restaurant (old apparatchiks welcome).

When it comes to promoting British exports to Ukraine, Britain's "outstanding cuisine" is hardly the number one target. High-tech engineering gadgets, and British literature, yes. But British food? Not only can most Ukrainians not afford British prices, but food is one of the few commodities that

Ukraine is rather good at exporting.

Quite why Britain's diplomatic machine feels it is worth promoting British food exports to one of the world's richest agricultural countries is a bit of a mystery. It is a BBC TV chef, Colin Capon, plus a plane load of "ecologically clean" English food have been flown in, with Tesco's Ukraine distributor picking up the bill. However, the Foreign Office's "duty to promote every aspect of British life" in its bid to win over Ukrainian tummies did not extend to the wine on offer at last weekend's launch. It was French.

## Flaps up

The news that the US state department has forbidden American diplomats from using domestic Russian airlines - following recent similar orders by Britain and Canada - resurrects the following, slightly foxed tale:

Boris: Why so depressed, Ivan? Ivan: I'm really worried. I'm flying to Vladivostok, and there've been so many Aeroflot crashes lately. Boris: Oh come, look on the bright side. Your chances of being killed on the roads are much higher. For instance, did you hear of that extraordinary crash, involving poor Volodya? Ivan: No, what happened? Boris: He was driving along on an open road, and what do you think? An Aeroflot plane fell out of the sky...



## Coalition hopes Berlusconi and Bossi talks will calm markets Italy's leaders display united front

By Andrew Hill in Milan

Factional leaders of Italy's ruling coalition made a concerted effort over the weekend to show they had patched up their differences at a summit between Mr Silvio Berlusconi, the prime minister, and Mr Umberto Bossi of the Northern League.

Since the March general election, blunt-talking Mr Bossi has repeatedly criticised Mr Berlusconi for political misjudgments. Fears of a split in the coalition contributed to tension in the Italian financial markets in the last fortnight weakening the lira.

But late on Friday, Mr Berlusconi and Mr Bossi met at Arcore, the prime minister's villa near Milan, and - fuelled by dishes of pasta into the early hours of Saturday - thrashed out an armistice.

The two smiling, shirt-sleeved leaders invited television cameras to the villa on Saturday afternoon for a session of back-scratching and ribaldry at demonstrating that they were now the best of friends.

"Today we've talked about serious things, [government] commitments, [government] programmes," said Mr Bossi. "This is certainly not the moment to be rash... The government will last

long time, there's no doubt about that."

Mr Berlusconi added: "The [solidity of the] government has really never been in question; it's only considered unstable by outside observers."

The government hopes the soothing television interviews given by Mr Berlusconi on Friday night and the friendly banter of Saturday will inspire Italian markets when they reopen tomorrow after a holiday weekend. Last Thursday's unexpected decision by the Italian central bank to raise interest rates not only failed to strengthen the lira on Friday, but seemed to contribute

further weakness on bond, currency and equity markets.

Italian observers seemed sceptical about the Bossi-Berlusconi ceasefire, however. An editorial yesterday in *Il Giornale*, the daily newspaper, was part of Mr Berlusconi's media empire.

It warned that the government had only maintained popular support because Italians were terrified by the memory of the corrupt old political regime. "But what will happen the day those memories dim?" wrote the editor, Mr Vittorio Feltri. "Take my advice, Cavaliere [the nickname for Mr Berlusconi]; instead of courting popularity, try governing."

Further weakness on bond, currency and equity markets. Italian observers seemed sceptical about the Bossi-Berlusconi ceasefire, however. An editorial yesterday in *Il Giornale*, the daily newspaper, was part of Mr Berlusconi's media empire. It warned that the government had only maintained popular support because Italians were terrified by the memory of the corrupt old political regime. "But what will happen the day those memories dim?" wrote the editor, Mr Vittorio Feltri. "Take my advice, Cavaliere [the nickname for Mr Berlusconi]; instead of courting popularity, try governing."

## Greens save trees at expense of turbos

By Andrew Hill in Milan

Frantic shuttle diplomacy, warnings, conspiracy theories, resignation threats and emergency legislation - a normal holiday in Italy.

The object of such frenzied activity was not less than turmoil in bond, currency and stock markets, but Friday's decision by Fiat, the world motor sport authority, to cancel the Italian Grand Prix.

The decision - supposed to end uncertainty caused by a row over tree-bugging environmentalists and road-hogging Formula One drivers - modified plans to the Monza circuit, an ancient royal park near Milan. Instead it has set off a new wave of controversy.

Environmental groups have been pressing for proposals

also to fell more than 100 trees and extend the gravel-filled safety lane at a fast right-hand bend of the track for the September 11 race. Drivers called for the improvement after the accident which killed Ayrton Senna at the San Marino grand prix earlier this year.

Over several weeks, local and national authorities dithered about whether trees or turbos should have precedence, until Friday when Fiat decided it had had enough.

Environmentalists - standing guard over the trees last fanatical motor sport "lifers" decided to take an axe to them - seem strangely subdued by the decision.

And while the greens are reluctant to declare victory, advocates of the grand prix are certainly not going to concede

defeat. Mr Aldo Molitorni, mayor of Monza, has resigned in protest, alleging a conspiracy between Ferrari and Fiat (which controls the sports car maker) to take the grand prix to the company-owned track at Mugello in Tuscany.

On Saturday, a delegation headed by Mr Gianni Letta, chief of staff to Mr Silvio Berlusconi, the Italian prime minister, flew to Cannes to try to persuade Fiat to change its mind. Meanwhile, Mr Umberto Bossi, head of the Northern League, emerged from his all-night summit with Mr Berlusconi promising that an emergency decree would save the grand prix.

According to Mr Molitorni, direct and indirect earnings from the grand prix amount to 1.70bn (\$448.7m) a year.

He blames Mr Letta for ending

Monza's hopes by asking Fiat to agree to the installation of a new chicane before the bend, an alternative which the sport's authorities had already rejected. "A government which can't manage to stage a grand prix ought to give up and go home," Mr Molitorni said on Friday. Fiat has so far stood by its decision.

This holiday weekend Monza was completely closed and almost deserted. A policeman on a bicycle, who was stopping cars from entering the historic centre on Friday, said he was disappointed: "After all, Monza is known worldwide for its grand prix, not for its trees."

Only the gatekeeper at the Monza circuit expressed anything like an inflammatory reaction to the decision. "There's only one thing for it now," he said with a shrug. "Revolution."

## Profits reveal which companies were winners at the World Cup

Soccer tournament boosts Guinness beer sales figures

By Michael Cassell  
in London and Patrick  
Harrison in New York

While this year's World Cup may be only a fading memory for football fans, the tournament continues to provide a warm glow for many companies which were involved behind the scenes.

A series of international businesses from airlines and brewers to insurance companies and banks have begun to close the scale of profits they made from the competition.

The main British winner appears to be Guinness. The drinks group, which was the official sponsor of the Irish World Cup team, had a record year in 1994. In the first three months of the year, Guinness sales in the UK jumped 10 per cent on the same period in 1993. In June, with the Dutch brand Heineken leading the pack.

Airlines operating out of principal European centres also fared well. British Airways, which last week reported a 40 per cent increase in pre-tax profits for the first quarter of 1994, said the good performance continued through the weeks preceding and during the world cup.

American Airlines, the official carrier for the competition, said that compared with the year before it carried an extra 70,000 people across the Atlantic in June, followed by an additional 69,000 in July.

Virgin Atlantic, the airline owned by Mr Richard Branson, reported excellent business in June and July, already one of its busiest periods. It said its aircraft into Florida had been "absolutely packed".

Despite these increased passenger loads, the US airlines bonanza predicted by the World Cup organisers did not materialise. However the tournament did produce its share of US winners off the field.

Nike said retailers were report-

ing strong interest in its soccer boots during and after the tournament. Another clear winner was W H Smith, the UK newsagency group which operates airport and hotel gift stores across the US. Buoyed by demand for World Cup merchandise from visiting fans, sales at the stores were \$3m during the World Cup, three times the average for the Super Bowl championship of American Football, said W H Smith.

For the television broadcasters the 94 World Cup games were a success by the standards of previous viewing figures for soccer in the US, but the two networks which showed the tournament - ABC and ESPN - were unable to profit from the better-than-expected ratings because all the advertising time was sold before the World Cup began. The US Spanish-language television network Univision, however, did earn about \$24m in advertising during the World Cup compared with just \$10m from the Italy World Cup in 1990.

## Nato starts search for new leader

Continued from Page 1

one of the greatest [personalities] of German and international politics," Mr Hans-Dieter Genscher, UK defence secretary, said he was "a great servant of Nato and one of the bravest men I knew."

Early indications were that any successor was unlikely to be German. Nato has traditionally invited its top job among member states. For the same reason Britain is unlikely to provide a candidate as Lord Carrington was the secretary-general before Mr Werner.

Whoever is chosen will have to deal with the legacy of Nato membership for western European countries, following the "partnership for peace" programme initiated by Mr Genscher. Nato is also likely to be involved in rapid reaction forces outside its traditional areas of operations in Europe, and this will need delicate diplomacy.

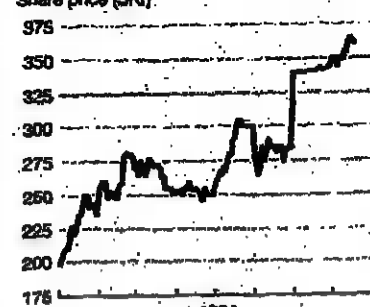
If no solution to the Bosnian war is found before the autumn, Nato may have to deal with a resumption of full-scale hostilities there.

### THE LEX COLUMN

## Breaking the link

ESAB

Share price (\$M)



Source: FT CompuLink

Since the last time UK equity yields fell below those on index-linked gilts was before the 1987 crash, it is not surprising that the current 10 basis point premium enjoyed by the latter is attracting attention. But direct comparisons are risky. The premium is smaller than it was in 1987 when equities looked seriously overvalued on other yardsticks too. The index-linked market, which is tiny in proportion to equities, is also notoriously lacking in liquidity. Though real yields of close to 4 per cent look cheap, they may not in practice have much room to fall.

Marketmakers report a modest shift into index-linked paper by UK institutions to match long-term liabilities. But this demand has been readily matched with supply from the Bank of England. If it believes in its own inflation forecasts, index-linked gilts are obviously a cheap means of funding. They are also an alternative to the fixed-rate market where borrowing conditions remain difficult. Also it would not be surprising to see additional index-linked borrowing from utilities like water companies, which have high capital spending requirements and are unlikely to be able to raise prices in the current market.

Supply may thus be forcing index-linked gilts to decouple from equities. The pace of economic recovery also points to upward pressure on real interest rates. That need not worry equities as long as earnings growth is fast enough to allow dividends to rise in real terms. If prospect is underlined, for example by higher base rates, it would be much harder for equities to perform.

figures were undeniably impressive. If Esab's revised full-year profits forecast is right, the company would have its bid by 20 per cent to pay the same exit multiple envisaged when the bid was announced. A deal on these terms would still enhance earnings.

Yet it is not clear that Esab is intrinsically more profitable than previously thought. If economic recovery is simply coming sooner than expected, a lower exit multiple would apply. Besides, trade union demands during the bid suggest that Esab could be more difficult to manage than expected. A modest increase in the offer to acknowledge Esab's improved performance and try to satisfy the recalcitrant institutions could therefore be the best way forward. Since Charter's shares are 12 per cent higher than before the bid was announced, the cost to its own shareholders of walking away would be high.

### Swiss banks

The Swiss bank reporting season, which continues this week with first half results from Swiss Bank Corporation and CS Holding, remains under the shadow of the near 70 per cent fall in dealing profits announced earlier this month by UBS. The other two banks should also report lower dealing income. Indeed Credit Suisse, which is the main bank within the CS group has already announced a 36 per cent drop. To some extent such a development is inevitable since the big Swiss banks are actively involved in the bond market and carry large holdings on their balance sheets. But the Credit Suisse figures suggest UBS will stand out for the size of its decline.

While the reason for this is obscure, the SFRbn fall in UBS' first-half trading income reveals a volatility in its

earnings stream which gives pause for thought about its traditional premium rating in the sector. Through the recession UBS was helped by a relatively sound loan book and diversified sources of income. But this is a double-edged sword as there is now less room for bad debt provisions to fall. Lower spreads on international credits may also make it harder to boost net interest income with the high quality lending which provided such a bulwark in the past.

In the second half, CS Holding and Swiss Bank Corporation could reap further advantage from falling provisions. At both banks last year's provisions were more heavily weighted to the second half than at UBS. Their greater leeway to cut provisions for shrinking dealing income may give their shares a relative edge.

### Small companies

Nearly half a century ago the Stock Exchange came up with the idea of replacing the London Stock Exchange with a smaller companies market based around the London Stock Exchange Rule 4.2 (Rule 635 (2) as was). The exchange was not like to rush things, particularly when it comes to junior markets. There is still no date for the promised consultation document and it is increasingly unlikely that the market could be up and running by the end of the year when the US fixed its eyes on new administration.

But enthusiasts are confident the exchange is at least on the right track - towards a screen-based market, still lightly regulated but with much higher disclosure requirements - and they are not waiting. Rutherford Asset Management has just raised \$10m for a new trust specialising in Rule 4.3 companies and at least one other such trust is thought to be on the way.

The managers argue that the Rule 4.3 world is attractive already. Originally operated on the basis of matched bargains, it is now growing fast. Trading volumes are running at a fifth of US levels, and rising. If the proposed changes attract more interest from specialist fund managers it might at last provide an easy and cheap route for small companies to raise modest amounts of equity. There is certainly a demand. The queue of companies waiting in John suggests that the recession, small companies are loath to rely on banks in the recovery.

"I'm sorry sir,  
but who's going  
to buy designer  
clothes direct from  
a catalogue?  
- Next!!"

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Having the vision to spot one is the other half.

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In Style

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**FT WEATHER GUIDE**

**Europe today**  
High pressure will dominate the Benelux, giving only light cloud and afternoon temperatures slightly below average. Along the eastern flank of the high, showers forming over the North Sea will enter Germany and Denmark and some will reach Poland. A depression over the White Sea will give rain in Finland and parts of the Baltic states. A cold front associated with this depression will mark the boundary between cool air over north-west Europe and warm air south of the Pyrenees and across the Mediterranean. It will be hot and sunny in southern Italy, Greece and Turkey with some temperatures well above 35C. A few thunderstorms will develop along the front, mostly over the Ukraine and Russia.

**Five-day forecast**  
The Mediterranean will stay warm and sunny. Low pressure will develop over France, pushing warmer air northwards. Later this week, thunder showers will form over France and then move into central Europe. Conditions will temporarily become settled over Scandinavia, but only in the southern regions will temperatures exceed 20C. Western Europe will become very unsettled in the middle of the week.

**TODAY'S TEMPERATURES**

Location	Temp	Location	Temp	Location	Temp	Location	Temp
Abu Dhabi	31	Caracas	31	Faro	27	Manila	27
Accra	29	Casablanca	29	Frankfurt	25	Moscow	25
Algiers	29	Cebu	29	Geneva	25	Nairobi	25
Amsterdam	29	Hankow	29	London	25	Shanghai	25
Athens	31	Hong Kong	31	Madrid	27	Singapore	27
Bahia	29	Kobe	29	Mexico City	25	Taipei	25
Bangkok	31	London	25	Montreal	25	Tokyo	25
Barcelona	29	Luxembourg	25	Mumbai	27	Yokohama	27
		Lyons	25	New York	25		
		Madrid	27	Osaka	27		
		Manila	27	Paris	25		
				Perth	27		
				Prague	25		

at GMT. Temperature maximum for day. Forecasts by Meteorological Service of the Netherlands

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NetWare 4,  
of course.

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FAX

# FINANCIAL TIMES COMPANIES & MARKETS

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Monday August 15 1994

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Washington DC  
19-20 October 1994  
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## MARKETS THIS WEEK



### BRONWEN MADDOX: GLOBAL INVESTOR

In spite of rallying on Friday, the US bond market remains nervous that the Federal Reserve will raise short-term interest rates for the fifth time since February. Both bond and equity markets are in a frame of mind that the Fed might adopt a more reassuring. Page 18



### MARTIN WOLF: ECONOMIC EYE

The British signalmen insist that they should be paid more for past increases in productivity. This view is a cliché of the UK economic debate. But the idea that every worker should be paid more for producing more is a damaging mistake, because it must lead to persistently high unemployment. Page 18

**BONDS:** The Australian government bond market has been braced for a rise in interest rates for at least the last four months. However analysts argue that political forces are overwhelming any economic forces to delay the move. Page 20

**EQUITIES:** As preparations for privatisation of Renault gather momentum, share analysts and investors are running their side rules over the French company's share price. Page 21

**EMERGING MARKETS:** Investors in Mexico's stock market are betting heavily on the outcome of the governing party will win the presidential election Sunday. Page 18

**CURRENCIES:** Markets will be on an interest rate alert after a sharp wake-up call last week from the Swedish and Italian central banks. Page 19

**COMMODITIES:** Traders in London will be eager for the coffee futures market to open this morning because it will be the first opportunity to react to the US Department of Agriculture's report assessing the extent of frost damage to the 1995 Brazilian coffee crop. Page 18

**UK COMPANIES:** Reed Elsevier, the Anglo-Dutch information and publishing group, is today expected to announce details of a compensation package for Mr Peter Davis, its former co-chairman. Page 16

**INTERNATIONAL COMPANIES:** Charter, the UK industrial group, will today announce whether it will increase its £260m recommended bid for Esab, the world's largest welding equipment supplier. Page 17

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## This week: Company news

### ELECTROLUX/ERICSSON

**Euro recovery set to refresh Swedish giants**

Electrolux and Ericsson, present first-half figures.

Electrolux, the world's leading manufacturer of household appliances, is first out of the trap and its results tomorrow are expected to show a doubling of profits from last year's SKr763m level. The company is benefiting from a combination of stronger-than-expected recovery in Europe, healthy sales in the US, and cost-cutting. The average market forecast is for half-year profits of SKr1.52bn and full-year profits of SKr2.9bn (\$380m), excluding capital gains.

Ericsson's first-half figures, due on Thursday, are also keenly anticipated, with analysts looking for profits of between SKr1.5bn and SKr2.5bn compared with SKr1.28bn a year ago. The performance will be driven by booming sales of mobile phone systems, where the group has established itself as the clear world leader. Some commentators believe sales and order growth may have eased slightly in the second quarter, although both figures are still expected to be 20 per cent higher than a year ago. James Capel in London forecasts an increase in full-year profits to SKr5.05bn from SKr3.1bn in 1993.

The high expectations for both Electrolux and Ericsson reflect the wider confidence that Sweden's big multinationals will be presenting exceptionally strong half-year figures over the next three weeks.

Three factors lie behind the boom: the 25 per cent slump in the value of the Swedish krona since late 1992, radical cost-cutting over the last three years, and the growing European economic recovery (particularly in Germany, the largest export market).



Source: FT Graphs

### BICC Optimistic signals from US and cable TV

BICC, one of the big losers of the Malaysian government ban in February on contracts to British companies, should have some better news to report when it announces its interim results on Wednesday.

They should show a further improvement in the group's main UK and US cable markets, with pre-tax profits expected to nudge above £60m (\$98m) for the six months to the end of June compared with a restated £50m for the first half of 1993.

North America is thought to have moved back into the black for the first time in three years, helped by the general improvement in the US economy and a rationalisation of company's North American business.

The cable television revolution in the UK should mean increased domestic profits. Cable television is providing good business for BICC, the UK's biggest producer of optic fibre cable which is increasing substantially its share of the market. The company is also the biggest producer, outside of the US, of optical fibre used in the manufacture of the cable.

Balfour Beatty the company's construction subsidiary, is thought to have made another useful contribution in the first half.

Earnings should be sufficient to cover a maintained dividend but increased payments to shareholders are still some way off.

## Companies will live with derivative risk

Antonio Sharpe

Just over half of finance directors at the UK's top companies regard derivatives as a possible systemic risk to financial systems while 16 per cent see them as a definite risk, according to a survey conducted by Record Treasury Management, the Windsor-based currency hedging specialists.

However, the survey also found that derivatives play an important

role in the management of risk, with 81 companies reporting a total capitalisation of £182bn (\$282.1bn).

A vast majority - 88 per cent - expect their use of interest rate derivatives to rise or stay the same and 84 per cent also expect their use of currency derivatives to stay the same or increase. The dominant types of derivative

products are interest rate swaps and futures, although 10 per cent of respondents use specially designed derivatives.

Almost all respondents (99 per cent) that disclosure is relevant but only 57 per cent believe that this should be extended to detailed reporting. Two-thirds favour reporting their use of derivatives in strategic terms only.

But respondents said derivatives should be used only as a

tool to manage a real business risk and not as a means of speculation. They add that while the instruments are not a problem in themselves, they can give rise to problems when they are insufficiently understood or when their intended risks are inadequately communicated.

In the view of finance directors, the principal concern in using derivatives are control risk and the complexity of many

derivatives contracts. As a result, 89 per cent of respondents use their own treasury teams to manage the suitability of the products and 45 per cent do their own research.

A central bank watchdog is the preferred way to supervise the use of derivatives (34 per cent). But only 11 per cent are in favour of specific legislation. "Derivatives angst", Page 12

## US banks have made hard reappraisals of their European operations, reports John Gapper

### Success that comes with a smaller role

Recalling how many US banks used to operate in Europe, Mr John Gapper writes. The Bank of Waterbury, Connecticut was a \$1bn asset bank, and it had a London branch. It was insanity, says the man who is rebuilding the bank's European arm from the attrition it suffered in the early 1990s.

There are many fewer US banks in Europe now, but those that remain earn far more. As the big money centre banks such as Chase Manhattan, Citicorp and Chemical have reported half-year results, they have shown the transformation of European operations which used to be ill-focused and provide low returns.

It is not possible to tell the exact contribution of Europe to results such as Chase's 31 per cent leap in second quarter post-tax profits to \$307m. Most banks report their results for operations such as clearing and settlement on a global basis. But Europe clearly gives more than adequate returns.

Both Chemical Bank and Manufacturers Hanover cut their European presences during their years of crisis before they merged in 1991 to form Chemical Bank. The combined bank's assets are 60 per cent of their peak; staff numbers have fallen from 10,000 to 6,000 and European offices have been reduced from 42 to 23 since 1985.

But return on capital employed in Europe is now above 50 per cent - more than 10 times the 1985 figure. "There used to be a tendency to be everywhere, even if we were not sure what we were doing there," says Mr Aspbury. "We discovered it was

as important to define what we weren't, as what we were."

Other banks also made hard reappraisals at the turn of the decade, as US operations were suffering from over-expansion in the 1980s. "We had to face painfully what we were good at, and how we could make our operations more efficient," says Mr Tom Swayne, Chase's area executive for Europe.

The result has been more than a recovery from lacklustre profits. Although US banks have struggled to break into protected and profitable investment banking activities in north Europe - such as advising companies and underwriting equity issues - they now dominate some corporate banking businesses.

The US banks have focused operations in several ways: Only Citicorp retains ambitions in retail banking - with 304 branches in its largest operation in Germany - in spite of having cut costs by an estimated \$800m. Chase sold its 16 branches in Spain in 1991 and closed a UK credit card operation. Chemical sold its UK mortgage arm in 1988.

They have scaled down in countries where they were weak. Mr Swayne says Chase is active in European capital markets and project finance. It needs outlets in countries such as Spain and Italy. But it is more active in northern Europe, relying on distributing products from London.

They have concentrated on a few industries. Citicorp opted to focus on financial institutions such as merchant banks and insurers. It decided that it had more opportunities there,



because cross-border financial flows were becoming far bigger than domestic flows in individual countries.

"Financial flows are 50 times gross domestic product. The margins are lower, but the volume is tremendous," says Mr Ian Cornack, Citicorp's managing director. The bank now provides services such as securities settlement and clearing, and foreign exchange to 1,900 financial institutions.

They have cut the number of corporate customers and tried to sell more complex products and services to the remaining ones. Mr Swayne says Chase's return on equity from companies that regard it as one of their leading banks is three times the level of cases where it only sells one product.

They have built on their strength in services where European banks have been weak. An example is clearing and settle-

ment of cash and securities, which US banks have tended to centralise at UK centres. Chase spends \$45m a year on software upgrades for its Infoserve operation in London.

The US banks gain advantages of scale because they can control operational risks better. Finally, by tailoring transactions services for their customers, they can create what Mr Cornack calls "a series of webs" that make it harder for them to switch banks.

Yet in spite of their successes in the past three years, the US banks still have some way to go. One thing that has held them back is the fall in credit ratings which made some companies reluctant to buy services from them. The problem is now easing as their earnings recover and they are upgraded.

A greater difficulty is that the US banks have relatively poor

relationships with financial institutions in Europe. They have made private placements for European companies in the US, but would find it hard to replicate this feat in Europe. This reduces their role as financial intermediaries.

Building their profits in more sophisticated financial markets in northern Europe will require them to make deeper inroads into securities. For the moment, even the achievements of the past few years may not be enough for head offices in view of Europe as a growth region in rival Asia.

"If I went back to New York, and I said I was going to equity to invest in a product line, it would probably not be top of the list," says Mr Aspbury. Even with Europe once again making decent profits, the days when all US banks had to have a branch in London or Paris are unlikely to return.

## BSkyB in OFT cable charges inquiry

By Neil Buckley

The Office of Fair Trading is conducting preliminary inquiries into satellite TV company British Sky Broadcasting's position in the UK satellite and cable vision market.

The office within last month to nine cable companies asking whether they had problems obtaining programmes from BSkyB or its suppliers. It is particularly interested in BSkyB's charges to cable operators.

If the OFT finds there have been problems it will launch a full investigation. The office yesterday said that it could not discuss the responses it had received so far.

Many cable operators buy in BSkyB's main popular channels to supply them to subscribers. But the cost of doing so has prompted some to attempt to replace their reliance on BSkyB by buying programming for their own cable-only channels.

That, however, can lead to bidding wars which push up the price of television rights to sporting events or films, for example.

Many of the inquiries came as it emerged that several cable companies, including Telecommunications Inc (TCI), the largest cable operator, have approached BSkyB asking for a stake in the satellite broadcaster.

TCI, which has large shareholdings in two UK cable companies, TeleWest and Flextech, has held initial discussions with BSkyB on taking a stake, and the two sides were reported to be due to meet again shortly.

BSkyB refused to comment on the reports and no one from TCI was available.

The structure of a link-up between a cable operator and BSkyB would be to secure BSkyB channels and avoid bidding wars for programming. There is also speculation that Mr Rupert Murdoch, whose News Corporation owns 10 per cent of BSkyB, may increase his involvement in cable television.

It is not clear, however, where scope for another investor in BSkyB would come from. The main shareholders, News, son, owner of the Financial Times, which has 17.5 per cent, and Granada, with 12 per cent, are thought to be unwilling to reduce their holdings.

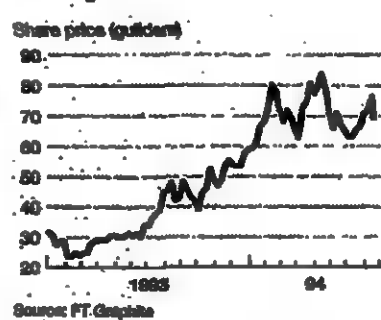
### OTHER COMPANIES BCI poised for new capital-raising issue

Banca Commerciale Italiana, the Italian bank, plans on Thursday to launch its first capital-raising exercise since privatisation - an issue of shares and warrants which should raise £2.82bn (\$1.51bn). In the last two months, two Italian banks - Cariplo and Mediobanca - have been forced to postpone share issues because of market turbulence. But the price of the BCI issue has been set at a discount - £3,000-a-share against a market price of more than £4,400 - so should avoid the same fate, in spite of the turmoil in Italian equities last week.

On the same day, shares in Telecom Italia, the new provider of state-controlled telecommunications operators, will start trading. Telecom Italia was created in May from the fusion of five existing companies, including Sip, the domestic telecoms operator, and became the sixth largest telecoms group in the world. Following a complex share-swap, its shares will replace those of Sip on the market, while shares in Italcable will be delisted.

Nealloy: The Dutch shipping and road-haulage group is expected to show a further rebound in profits when it publishes second-quarter results on Wednesday. The company, which launched quarterly reporting earlier this year, swung into a slim £110m (\$5.6m) profit in the first quarter from losses in 1993. The pace of recovery is

### Mediagroup



Source: FT Graphs

expected to have accelerated in the second quarter, thanks to strong growth in world trade flows and firmer shipping rates.

Sony: The best-known name in Japanese consumer electronics, reports its first-quarter results on Thursday. The consolidated figures will cover its worldwide operations, but the parent company has been struggling to deal with the domestic downturn. The group has forecast a recovery to ¥40bn (\$404m) this year.

ABB Asea Brown Boveri: Recovering European economy is expected to be reflected in the first-half results of the Swedish-Swiss multinational industrial group on Wednesday. Forecasts are for pre-tax profits to be up 17 to 37 per cent. The group is expected to surprise markets by reporting a first-half net profit figure for the first time. On average, analysts forecast a 1994 net profit of \$763m.

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## COMPANIES AND FINANCE

# Reed Elsevier set to reveal Davis package

By Tim Burt

Reed Elsevier, the Anglo-Dutch information and publishing group, is today expected to announce details of a compensation package for Mr Peter Davis, its former co-chairman.

The announcement follows lengthy negotiations between the group's lawyers and actuaries, who have been working on the package since Mr Davis resigned in June 1993 in changes in management responsibility.

Although Reed Elsevier declined to disclose the sums involved, city analysts believe he could receive up to £10m in cash, along with incentive share options and pension benefits.

The company, however, described weekend reports valuing the final compensation deal at more than £2m as "pure speculation".

Mr Ian Irvine, who replaced Mr Davis as co-chairman, said: "The package is well within

the maximum that could have been paid under the terms of his contract."

His predecessor was on a three-year rolling contract and earned almost £1m last year, including performance-related bonuses.

Speaking after the group announced its interim results last week, Mr Irvine pointed out that the package had been adjusted for "mitigation" - reflecting the likelihood of Mr Davis securing another job.

Reed Elsevier decided to make a separate announcement on the compensation package "we felt it was much better to link the act as closely as possible to the act of the act", Mr Irvine added.

Mr Irvine resigned after Reed Elsevier's executive committee decided that the co-chairman should concentrate on strategy, management development and corporate communications - leaving responsibility for the operating business to other executive members.

## Emap pays £11.25m for three golf magazine titles

By Penny Hollinger

Emap's golf handicap improved substantially as the group's new deal with the New York Times to buy three of its sport's main UK magazine titles for £11.25m cash.

Emap is buying the World Golf Weekly and the News magazine Golf Industry News, as well as the rights to republish articles from the US company's Golf Digest title.

The UK company already owns Today's Golfer, described as a magazine for the player with a handicap of 16 or more, and Fore!, which is aimed at helping the recreational golfer improve his or her game. It also owns two golfing titles in the US as a result of the recent £108m purchase of Mondiales.

Mr Barry Dennis, managing

director of Emap Pursuit, the sports publishing arm, said the company was confident the golf market was set for continued growth. "It's a little bit like fishing a few years ago, it was once exclusive and now it's available to everyone," Mr Dennis said.

World, a monthly and one of the largest of the US titles bought by Emap, has a circulation of over 80,000. It reaches more than 700,000 people with its copy in clubs or shops.

The titles were marginally loss-making last year on sales of £5.6m. Emap said it expected the titles to be earnings enhancing in their first full financial year.

IPC Magazines has agreed to buy five titles, including The Field and Sporting Times, from the Daily Mail & General Trust for an undisclosed sum.

# Spring Ram gears up for exports drive

The new management team's recovery programme is under way. Andrew Bolger reports

There are signs just of recovery but of expansion at Spring Ram, the Yorkshire-based kitchen, bathroom and furniture group where institutional investors last year forced a boardroom shake-out.

The new management team led by Mr Roger Regan, the building industry veteran who took over as executive chairman last July, is investing £5m to start a new business. This follows the acquisition of a furniture company from BTR in June and the launch of an export drive.

The new management's enthusiasm is scarcely reflected in Spring Ram's share price, which has fallen sharply since the market became concerned about the outlook for the building materials sector and the big DIY retail chain which Spring Ram supplies.

But analysts will be looking at the longer term outlook when the group reports its half-year figures on August 31. Although they are forecasting pre-tax profits of between £1m to £1.5m in the current year, they believe that profits of more than £30m could be achieved by 1996, depending on the progress of Mr Regan's recovery programme.

The company's business has been increasingly popular in Japan, which exports cheaper chipboard and laminated furniture to be covered with wood-

grain and other decorative finishes, at a fraction of the cost of wooden products.

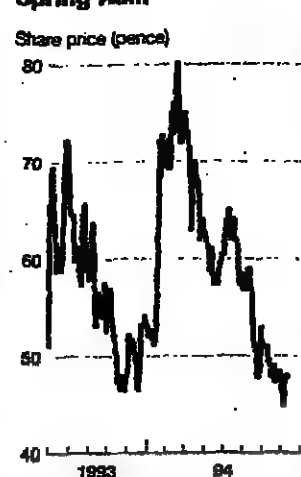
It is due to start production in November, and will use a 97,000 sq ft factory alongside the group's Regency Doors plant at Barnsley. The start-up is being masterminded by Mr Harley Moyes, who joined the group last July as managing director of Regency Doors. He was previously managing director of Homeworthy, the Slough-based furniture business. The cabinet business has the biggest share of the £150m UK market for full-covered furniture, which grew by 66 per cent between 1991 and 1993.

A £42m rights issue in January has also given the company flexibility to make bolt-on acquisitions. The issue bolstered the group's balance sheet following last year's pre-tax loss of £1.1m - which included £1.5m of provisions and £1.2m of restructuring costs.

In June, Spring Ram's Stag Furniture subsidiary paid BTR £5m for the Rest Assured group of companies, which makes bedding, upholstery and hand-crafted furniture. Mr Regan said this would allow Stag, which makes bedroom and dining room furniture, to offer retailers an enlarged range.

Not all the news is positive. Artisan Tiles, the laminating plant which has been making ceramic tiles since 1981, is "well struggling".

## Spring Ram



However, the group is upbeat about Regency Doors, which has been identified as a possible acquisition for close to £10m last year. Mr Regan said the company has been out of the cash outflow controlled and improved training has led to a sharp increase in the output per trainee. New doors have been developed and the latest catalogue shows more than 20 different designs.

Mr Regan reckons Regency needs only 15 per cent of the UK doors market, which is estimated at £250m, but is also anxious not to provoke his main rivals into a price war, which could hurt the company's sales. The company has launched an



Roger Regan: kitchen division is a 'sleeping giant'

A new Regency Doors plant in Barnsley brought in consultants to help introduce control systems and a new sales team. Mr Regan said the company has been out of the cash outflow controlled and improved training has led to a sharp increase in the output per trainee. New doors have been developed and the latest catalogue shows more than 20 different designs.

Mr Regan reckons Regency needs only 15 per cent of the UK doors market, which is estimated at £250m, but is also anxious not to provoke his main rivals into a price war, which could hurt the company's sales. The company has launched an

export drive, focusing on Europe, South Africa, the Middle East and the US.

Exports are a priority for Spring Ram's bathroom division which last year made operating profits of £50m - nearly a third of group turnover.

Bathrooms, the world's largest manufacturer of acrylic baths, makes money - as does the group's showers business. But these profits are wiped out by losses in Spring Bathrooms, which makes high-volume sanitary ware.

Mr Regan raised prices, partly to rid of non-profitable business. Output of cheaper bathroom units has been cut from 16,000 to 12,000 a year, with the loss of about 80 jobs.

These are the only significant job cuts made by Mr Regan - not counting the 37 former Spring Ram directors who have since departed, including several who were millionaires through share options.

The bathroom market is a particularly good export opportunity, according to Mr Regan, who has 12 luxury homes on the Continent and is increasingly selling on the internet and through direct sales.

The whole Spring Ram group exported only about £10m worth of goods last year, out of sales of £250m. Mr Regan believes that over the

sales could be raised to £60m by 1996.

An important element of that exports drive will be the group's ultra-successful kitchen business, which last year made operating profits of £100m. Mr Regan describes the kitchen division, which accounts for 12 per cent of the total UK market, as a "sleeping giant".

He said: "The UK supply about 7 per cent of the UK kitchen market. There's no reason why British kitchens should not supply a proportion of the German and French markets. There will always be demand - particularly for the English country kitchen style, using lots of wood."

Analysts can be wary of a more detailed presentation of the interim figures from the company than they were accustomed to from its predecessor. Mr Bill Rooney, the founder of Spring Ram, was forced out last year. The team discovered that Mr Rooney had planned to build a gentry in the Midlands, which adjoins Regency's Barnsley plant, and to build a York-based plant. Mr Regan quickly shelved that idea, but jokes that he knows just what he will do when the Regency plant, which is currently painted bright red, stops losing money. "I'll paint it black!"

## Winterflood enters gilts market

By Antonio Sharpe

The recent rise in the number of marketmakers in UK government bonds could be coming to an end with the entry into the market today of Winterflood Securities, the smaller companies marketmaker led by Close Brothers.

In the past year, Boare Govett, the US stockbroker which belongs to ADM Amro, the Dutch bank, Merrill Lynch of the US and Yamabuchi of Japan have become gilt-edged marketmakers (Gemmie), attracted by the improved profitability in trading gilts.

Winterflood's entry brings the number of Gemme to 15, which includes marketmakers of

the overcrowded and tough market of the late 1980s that forced several participants to withdraw.

Unlike the larger companies which focus on large-volume trades, Winterflood will concentrate on retail and smaller institutional investors. Therefore, it will not be imposing a minimum size of trade.

"There is a reasonable amount of small business in gilts - trades of anything up to £1m - which many people in the market are not interested in doing," said Mr Brian Winterflood, chairman and managing director of Winterflood Securities. He added that there was potential for the gilts market to be opened

further to smaller investors, especially if the government allowed gilts to be traded in personal equity plans.

BZW, the London-based Management plans to capitalise on the renewed interest in commodities by launching a commodities fund for institutional investors. The Jersey-based investment company will be launched next month and is expected to attract up to £100m.

The benchmark for the fund's performance will be the Goldman Sachs Commodity Index, which includes a wide range of commodities, including livestock, agricultural products, energy and precious metals.

## CROSS BORDER M&A DEALS

BIDDER/INVESTOR	TARGET	SECTOR	VALUE	COMMENT
Commercial Union (UK)	Commercial Union (UK)	Insurance	£1.5bn	Deal announced
CIBA (Switzerland)	Unilever (UK)	Pharmaceuticals	£1.5bn	Deal announced
Service Corp International (US)	Service Corp International (UK)	Funeral Services	£113m	Second final bid wins
Business Appointments (UK)	New Business (UK)	Business services	£21m	Sixth bid in a year
Ranger Oil (Canada)	Union Jack (UK)	Oil & Gas	£13.2m	Agreed bid
Alcatel (France)	Alcatel (UK)	Optical Equipment	£11m	Optical disposal
Pyltes (Ireland)	JA (Germany)	Food Distribution	£7.9m	Deal announced
Starbuck (Czech Republic)	Starbuck (Czech Republic)	Brewing	£8.9m	Czech brewing drinks foreigner
Independent Newspaper (South Africa)	Independent Newspaper (South Africa)	Publishing	£4.5m	Stake in 34.96%
Sanrose (UK)	Sanrose (US)	Printing & Publishing	£3.7m	Purchase completed

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# Craftsmen are put in the saddle at Taiwan's Dahon

SKr345, which when the offer was made represented a 20 per cent premium, no longer offers

cent premium, no longer offers a premium on an updated valuation of the company based on the share price and enhanced earnings. "That is a fact," Mr Bengt Ekilsson, chairman, acknowledged last week.

Esab, with annual turnover of SKr 7bn (\$800m), has recently surged back into profit after a programme of heavy restructuring and is forecasting greatly improved earnings as international demand picks up. Most of its production and markets are outside Sweden.

See J 10.

development of new models, including a selection of folding mountain bikes as well as city bicycles. In addition to assembling bikes in the markets in which they will be sold - thus avoiding import duties - Dahon is beginning to source components offshore in places such as China, although its engineering and quality control are not yet match Taiwanese standards.

Mr. Hon says that given the higher retail price of a Dahon

Without the capital to increase volume and thus achieve economies of scale, the production costs will remain high. Dahon is now talking with potential partners for several years, but no pact has

"Our demand is to get more down to the point where the retail price is just 20 or 25 per cent higher than that of ordinary bikes," explains Mr Hon. "If we can do that, we believe our market would expand dra-

matistically. If you really buy a bike which is just as good as a normal bike, but had the advantage of being foldable, you'd probably be willing to pay a bit more."

The single biggest obstacle to reducing the price of a bicycle is the strange straddle-hold on the world market in derailleur gear systems held by one Japanese company, Shimano. For Taiwanese bike-makers, the derailleur alone accounts for about half of the production cost of a bicycle. Mr.

Hon estimates. Dabon's best market has historically been Japan, but the rest of Asia, especially Hong Kong, South Korea and Taiwan, is growing quickly. The younger Mr Hon believes this is due to the fact that there is such a premium on space in crowded Asian countries. The US market is unlikely to see much growth, he says, but Europe has much potential.

## BZ fund buys stake in Glaxo

Mr Blocher noted that the

most successful product - Zantac, an anti-ulcer drug - was unclear, but "our assumption is that revenues from the company's new products will, in the medium term, more than offset the expected loss of income from Zantac".

He hinted that Pharma Vision could well raise its share stake, valued at \$195.64m (\$42.7m) at the end of June, once it had seen the

Meanwhile, Pharma Vision again raised its holdings of Roche securities in the first half. At June 30, it held 200,000 bearer shares worth SFr2.54bn, up from 150,000 at the end of 1993, and 160,000 dividend right certificates worth SFr1.02bn.

ment plans to privatise a further 26 per cent next year, possibly to a "strategic investor", who would take over management of the concern.

Objections from the armed forces, who feared the sale would compromise Pakistan's security, delayed the sale for some two years. The government has since said some of the money raised through the sale will be used to set up a

folding model - the market may be approaching saturation.

Without the capital to increase volume and thus achieve economies of scale, the production run will remain high. Dahon has been talking with potential partners for several years, but no pact has

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## Pakistan telecoms sale under way

ment plans to privatise a fur-

Objections from the armed forces, who feared the sale would compromise Pakistan's security, delayed the sale for some two years. The government has since said some of the money raised through the sale will be used to set up a

new telephone service for the armed forces.

PTC unions opposed to the privatisation said at the weekend that they would go on strike from today unless the government abandons the sale. The decision was taken at a supreme council representing nine unions, in spite of a ruling from Pakistan's top labour court that such a strike would be illegal.

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(the "Company")

Warrants to subscribe up to **¥13,895,000,000** for shares of common stock of the Company issued in conjunction with **5 3/8 per cent. Convertible Bonds due 1999** at **¥1,374 per share**. Guaranteed Bonds Due 1995 (the "Warrants")

Pursuant to Clause 4(C) of the Instrument of 11th April, 1991 relating to the Warrants, it is notified to you that:

1. The Board of Directors of the Company, at its meetings held on 19th and 26th July, 1994, resolved to issue and offer **¥10,000,000,000 5 3/8 per cent. Convertible Bonds due 1999** with the initial conversion price of **¥1,374 per share**.

2. The current market price of shares as calculated pursuant to the relevant provisions of the aforesaid Instrument during the 30 trading day period from and including 12th May, 1994 to and including 28th June, 1994 was **¥1,380.70**.

3. The aforesaid issue resulted in adjustment to the Subscription Price of the Warrants as follows:

Subscription Price before adjustment:	<b>¥2,102.70</b>
Subscription Price after adjustment:	<b>¥2,101.30</b>

The aforesaid adjustment will take effect as from 11th August, 1994, Japan time.

**DAI-ICHI KANGYO CO., LTD.**  
By: Dai-ichi Kangyo Trust Company of New York

15b August, 1994

European Investment Bank  
NLG 500,000,000  
Floating Rate Bonds 1992 due May 15, 2002

In accordance with the Terms and Conditions of the Bonds, notice is hereby given that for the Interest Period from August 15, 1994 to November 15, 1994 the Interest Rate has been **■** at 4.40 per cent.


The **■** Amounts, payable on November 15, 1994, will be for the denomination of NLG 10,000: NLG 112.44 for the denomination of NLG 100,000: NLG 1,124.44 for the denomination of NLG 1,000,000: NLG 11,244.44



**Rabobank Nederland**  
Utrecht, the Netherlands  
August 15, 1994

The United Mexican States Floating Rate  
Notes Due 1/1/01

The applicable rate of interest for the period August 12, 1994, through and including February 11, 1995, to be paid on February 13, 1995, a period of 195 days, is 6.125%. This rate is 15/16% above the offered rate for six-month deposits in U.S. Dollars which appeared on the display designated as the British Bankers Association's Interest **■** Rate (IBIBOR) as quoted on the Dow Jones' Telequote Monitor on Telequote Screen No. 3750 as at 11:50 A.M. (London Time) on August 10, 1994.

The above rate equates to an interest payment of USD 31,379,684 per USD 1,000,000 in principal **■** of **■**.

  
**Banco Nacional de Mexico, NY**  
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**UMTC**  
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 PRE-QUALIFICATION NOTICE  
 LIGHT RAIL TRANSIT SYSTEM - HYDERABAD, INDIA

The Urban Mass Transit Company (UMTC), having its registered office at 8A, Hanssala Road, ■■■■■ Delhi 110 001, India invites expression of ■■■■■ from internationally reputed agencies/firms/consortia, to be prequalified and shortlisted for the implementation of the Light Rail Transit system (LRT) project ■■■■■ Hyderabad, India.


With the ■■■■■ liberalisation ■■■■■ initiated by the Government of India, infrastructure projects are being offered ■■■■■ private sector for upgradation, development, operation, maintenance etc. In the process, it ■■■■■ imperative that internationally recognised commercial formats such as Build, Operate, Own, Transfer (BOOT) and its various acronyms be considered to enhance the pace of modernisation.

The UMTC has been jointly promoted by the Government of India, the Government of Andhra Pradesh, financial institutions and private organisations, to conceive, design and implement the

The parties may express their interest in submitting a composite offer for phase I of the project for the following services ■■■ BOOT format or turnkey basis:

- Detailed design of the ■■■ including all civil works and structures, light rail vehicles, signalling and tele-communication, automated fare collection, maintenance facilities ■■■
- Property development at stations and nodal interchange points including associated architectural and ■■■ agency ■■■
- Construction of all civil and structural works.
- Manufacture, supply, erection, installation, testing and commissioning of all the components of the system such ■■■ rolling stock, power supply, signalling and telecommunications, automated fare collection equipment etc.
- Provision of auxiliary services such as fire fighting, ■■■ conditioning, public address, surveillance, escalators, information/accountancy ■■■

infrastructure facilities in transport particularly for Urban Mass Transit..It envisaged that the UMTC would also foreign collaborators who have expertise in the mass transit systems to subscribe the capital. While identifying the needs and priorities of infrastructure development across the country as well as business opportunities, one of the projects proposed undertaken for implementation is the Hyderabad Light Rail Transit System (Hyderabad LRT).



- Training of personnel in operation and maintenance.
- Financial packages comprising of equity participation, loans, export/commercial credits, government grants, bilateral aids.

While the UMTC is particularly interested in BOOT operators providing expressions of interest, agencies desirous of submitting turnkey expressions of interest with financing would be encouraged.

Interested agencies are advised to undertake study and collect

The city of Hyderabad is the capital of the **STATE** of Andhra Pradesh. The Hyderabad LRT is spanning **24 kms** between Hyderabad-Secunderabad twin cities and is aligned through congested corridors as recommended in various transportation studies. Most of the proposed twin track system is on an elevated carriageway between Kukatpalli and Afzalgunj (18 kms) as Phase I and Afzalgunj to Dilshuknagar (6 kms) as Phase II.

Based on the traffic projections of previous studies, the capacity of the system envisaged is 4.55 million passenger kms per day by the year 2011. The UMTC has already commissioned an in-house study to establish the system parameters and tentative route alignment. The overall **rolling stocks** should be of latest design and incorporating the state-of-the-art technologies, as replicable model for induction in other cities.

project data including feasibility and location survey reports from the co-ordinating agency. Based on the preliminary civil engineering surveys, alignment and ■■■■ locations have been finalised. The land requirement ■■■■ been assessed and action initiated for its acquisition. Mapping of over ground utilities has been completed and that of underground utilities is nearing completion.

Agencies desirous and interested in the project are required ■■■■ submit details of their activities, expertise, capabilities, financial ■■■■, major projects handled etc. Those who have already submitted introductory letters are also required ■■■■ resubmit fresh application with the necessary documentation in specific reference ■■■■ this advertisement.

The UMTC reserve their right ■■■■ accept any of ■■■■ applications ■■■■ reject all of them without assigning any ■■■■. The selection of agencies for

To supplement the funding [redacted] for the project, [redacted] is also proposed to commercially develop the air space above or below the railway stations into commercial complexes which would form the integral part of the project under turnkey implementation.

Please forward your application in triplicate reach us within 45 days from the date of release of advertisement addressed

**European Investment Bank**  
**NLG 500,000,000**  
 Floating Rate Bonds 1992 due May 15, 2002

In accordance with the Terms and Conditions of the Bonds, notice is hereby given that for the Interest Period from August 15, 1994 to November 15, 1994 the Interest Rate has been  at 4.40 per cent.

The  Amounts payable  November 15, 1994, will be:

for the denomination of NLG 10,000: NLG 112.44

for the denomination of NLG 100,000: NLG 1,124.44

for the denomination of NLG 1,000,000: NLG 11,244.44

**Rabobank Nederland**  
Utrecht, the Netherlands  
August 15, 1994

### The United Mexican States Floating Rate Notes Due 7/1/01

The applicable rate of interest for the period August 15, 1994, through and including February 15, 1995, to be paid on February 15, 1995, a period of 195 days, is 6.125%. This rate is 15/16% above the offered rate for six-month deposits of U.S. Dollars which appeared on the display designated as the British Bankers Association's Interest Rate [REDACTED] as quoted on the Dow Jones Teletext Monitor on Teletext Screen No. 3750 at 11:50 A.M. (London Time) on August 10, 1994.

The above rate equates to an interest payment of USD 31,473,684 per USD 1,000,000 in principal of [REDACTED].

 **Banco Nacional de Mexico, NY**  
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## Election clouds Mexican market

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**A-Z of Business Schools**  
on Monday, October 3.

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**FT Surveys**







EQUITY MARKETS: This Week

NEW YORK

Patrick Harverson

Wall St braced for another tightening

All eyes this week will be on the Federal Reserve as Wall Street braces itself for another possible increase in interest rates.

Ever since the Fed first raised interest rates in early February, the market has suffered attacks of nerves before each meeting of the central bank's policy-making open market committee (FOMC).

Tomorrow, the FOMC meets to decide whether there is a need for a further tightening of monetary policy to slow the economy and restrain inflation.

Wall Street's nerves will be on edge once again, primarily because interest rates have been increased four times this year, and few believe that more increases are not around the corner.

The stock market, now firmly entrenched in the midsummer doldrums, will be waiting with baited breath for the FOMC's pronouncements.

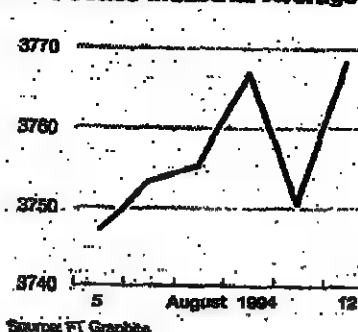
Judging by the most recent economic data, the majority of analysts believe the FOMC will signal an increase in interest rates this week.

If there is a broad consensus on Wall Street about the likelihood of a rate increase, there is still considerable debate over which interest rate it will put up, and by how much.

Some analysts, believing that the Fed remains cautious about stepping too hard on the brakes, predict that the FOMC will tighten policy by raising its target for the federal funds rate by just 25 basis points, which would take it to 4.5 per cent.

Others, however, feel differently. In light of recent comments by the Fed's

Dow Jones Industrial Average



Source: FT Graphica

chairman, Mr Alan Greenspan, the pessimists say the central bank is increasingly concerned about the outlook for inflation, and predict that it will not only raise the Fed funds target by 50 basis points, to 4.75 per cent, but will also raise the discount rate, from 3.5 per cent to 4 per cent.

The size and nature of any tightening is critical because it will determine whether the financial markets, and the stock market in particular, will be able to ride out a rate increase without incurring losses.

Because expectations of a rate increase have been building up on Wall Street for weeks, a 25 basis point upward move in the Fed funds rate is already priced into bonds and stocks. So, if the Fed does nudge rates higher, stock and bond prices should hold their ground.

A 50 basis point increase, however, could unsettle shares, which have slavishly followed the lead set by bond prices for the past few months. If an unexpectedly large rate increase inflicts enough damage to investor sentiment, the Dow Jones Industrial Average - which has climbed erratically from around 3,650 in early July to over 3,770 - faces the prospect of slipping back below the 3,700 level.

LONDON

Terry Byland

Differing views on market influences

The debate over the market influences of rising corporate earnings and dividends as against the probability of higher interest rates has now moved into closer focus. While the factors behind the moves last week to raise rates in Italy and Sweden may have been largely domestic, there was no gainsaying the warning delivered to the UK market.

Even after allowing for the widespread predictions of base rate rises already circulating among London market analysts, there has been a rush to reassess the situation. But, once the shock of the Italian and Italian moves had passed, opinions on the UK market outlook were by no means as black as might have been expected.

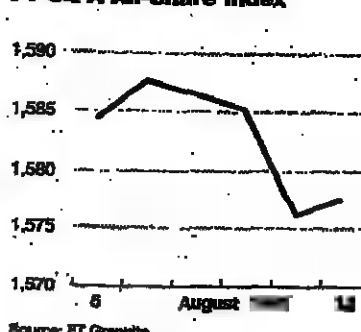
The widely held perception that the UK market is particularly vulnerable because the UK is at the head of the queue for a rate increase may not be correct, according to Mr Albert Edwards at Kleinwort Benson.

Even after allowing for the latest survey of rate forecasts suggests that the threat of higher rates will be much more of a shock to continental European markets than to London.

It has been suggested that UK equities may suffer less than mainland European shares, because of the relative ratings of the various equity markets. UK markets have already enjoyed a year of rapid earnings growth, while continental European markets are still at a much earlier stage of recovery.

S.G. Warburg touches the same point but stresses that growth in continental Europe is now accelerating and that

FT-SE-100 All-Share Index



Source: FT Graphica

this has brought "significant upward revisions" in gross domestic product forecasts for Germany and France.

For UK stocks, this throws even greater emphasis on those shares offering exposure to European growth, a sector picked earlier this year by ESW. Of these, especially the UK construction groups with interests in Germany, have already moved strongly against the trends of the UK market. However, their performance has in part reflected optimism for one last easing in Bundesbank rates, and last week's interest rate developments may restrain them for a while.

Of the European-influenced builders, Rodland, with 65 per cent of operating profits taken from mainland Europe, outperformed the market by 7.9 per cent over the past three months but its lead all but vanished last month. RMC, 68 per cent influenced by continental Europe, has followed a similar pattern but retains a 16.9 per cent outperformance over the 13 months.

Top of Warburg's list is Waste Management International, with 75 per cent of operating profits from continental Europe. On this basis, the share has been overlooked, lagging the market by 6.7 per cent over one month and 6.2 per cent over 12 months.

International offerings / John Ridding

Paris fine-tunes timing for Renault privatisation

As preparations for the privatisation of Renault gather momentum, share analysts and investors are running their rules on the French state-owned motor vehicle group.

For the most part, they like what they find. "It is an attractive company," says Mr Michel, analyst at Kleinwort Benson in Paris. He predicts strong interest in shares in the only significant public sector vehicle group in the western world.

Renault's interest can be turned into equity, however, there remain a number of important questions. The obvious one is the timing of any operation. The political sensitivity attached to the sale of Renault, a symbol of state ownership and a erstwhile union stronghold, means that the French government is approaching the planned privatisation with great caution.

While officials at the economy ministry acknowledge that the preparations are now in place for a privatisation this autumn, they say that no decision has yet been taken, and point out that Assurances Générales de France, the insurance group, is also prepared for sale.

A second uncertainty concerns the scale of the operation. The centre-right government has given little indication

concerning how much of its 80 per cent stake it is seeking to sell, except to say that it will not reduce its holding below a 34 per cent minority blocking stake.

The retention of a substantial stake by the French government is not welcomed by potential investors. "Ideally, it is better for the investment community if we see a total privatisation," says one fund manager. He says that a complete sale of the group's holding would ease matters that the government might still seek to influence Renault at the moment concerning, for example, the protection of jobs and industrial alliances.

For most investors, however, the continued presence of the French government in the shareholder register does little to dampen the attraction of Renault's privatisation. This is partly because of the fundamental strengths of the group, and also because of the present stage in the industry cycle.

In terms of financial results, the group has staged a remarkable turnaround since the mid-1980s, when a series of heavy losses earned it a reputation as the sick man of the European industry. It was one of the few vehicle manufacturers to remain profitable during the recession in the sector over the past few years, and is

expected to report a sharp increase this year on the net profits of FF1.1bn achieved in 1993.

As a study by Lehman Brothers shows, the emerging recovery in the market makes a Renault sale an attractive proposition this year. This, and Renault's massive diversification - unlike Volkswagen and Peugeot, it also builds trucks - prompts Lehman to value the company at between FF55bn and FF60bn, many earlier estimates.

The ultimate valuation placed by the French government, and hence the price per share attached to the Renault, will clearly determine the attractiveness of the investment. But the sensitivity of the sale, and the French government's interest in gaining momentum for its privatisation, suggest an attractive price is likely.

"With the presidential elections looming and with harder privatisations to come, this has to be a success," says one analyst at a Paris-based merchant bank. "They won't be taking any chances with the pricing."

As in some of the previous privatisation issues, however, the frustration for foreign investors may be the limited tranche of shares for which they may apply.

OTHER MARKETS

FRANKFURT

Market professionals have been looking forward eagerly to the second-quarter reports from the "big three" chemical groups, with BASF kicking off on Thursday, and Bayer and Hoechst due next week. A Goldman Sachs report on the sector notes that BASF's first-quarter pre-tax profit was 47 per cent ahead of the year-earlier period, helped by 4 per cent volume growth. The evidence, it says, is that recovery momentum in the industry gathered pace in the second quarter.

On the same day, the Bundesbank holds its regular fortnightly meeting. For most

of last week, German and other banks were divided on the prospects for a further interest rate cut. After Thursday's rate rises in Sweden, and Italy, the question was whether other European countries would follow this lead; but Merrill Lynch said that the next German interest rate rise could be more than a year away.

STOCKHOLM

Shuddering after its own rate rises, Sweden should field half-year reports from Electrolux tomorrow, and Ericsson on Thursday. UBS reckons that, for the latter, analysts will focus on news of the order book.

For Electrolux, Unibors

Securities says the group's two main US competitors in the white goods manufacturing sector, Whirlpool and Maytag, have respectively reported earnings up by 50 per cent, and operating profits up by 300 per cent for the first half of 1994. Unibors is looking for a 40 per cent growth in operating profit at Electrolux, and earnings to outpace this over the full year due to greater production efficiency.

MILAN

Initial dealings in Telecom Italia are expected to begin on Thursday. This is the successor company to Sip, Italcable, Telespazio, Iritel and SIRM, in the final phase of the

restructuring of the Italian telecoms sector. Sip shareholders got a one-for-one share exchange, but Mr Miller at Lehman Brothers says the creation of Telecom Italia will immediately enhance earnings per share prospects.

Telecom Italia will be the world's sixth largest telecommunications company, with a turnover of L27,000bn and net profit of L1,025bn in 1993.

ZURICH

SBC joins the run of Swiss banking results tomorrow with analysts wondering what to expect, after the 68 per cent drop in trading income at its

competitor, UBS. Forecasts last week ranged from SF645m to SF750m, compared with SF1,550m for the first half of 1993.

The following day brings interim results from CS Holding, its principal operating subsidiary, Credit Suisse, has already reported a 27 per cent decline in gross profits before tax and provisions, notes Euse Goveit, which thinks that a net profit of SF700m for the group, down from SF882m previously, would be a reasonable result.

AMSTERDAM

Offerings here include first-half results from Nedlloyd, the global transport group. Brokers expect profits for the

second quarter to be around F125m against a loss of F130m in the second quarter of 1993.

HONG KONG

The Hong Kong stock market was bracing itself last week for a dose of bad news from today's release of interim results at HSBC Holdings, the biggest listed stock in the benchmark Hang Seng Index. HSBC itself fell 4.4 per cent over the full week, writes Louise Lucas in Hong Kong. Analysts are looking at pre-tax profit rises of anywhere between 10 per cent and 30 per cent for the banking group, but there are fears that even the lowest projections may not be met following the lower than

TOKYO

With investors returning from their holidays around mid-week, brokers are expected to start active stock promotion campaigns, writes Emilio Terzani in Tokyo. "With trading volumes depressed for the past few months, the salesmen want to pick things up before the September book closing to boost profits," says Mr Yasuo Ueki at Nikko Securities. The 21,000 level is likely to continue to be a technical resistance point. However, brokers say that many banks

and financial institutions are already in their last stages of realising profits on their stock portfolios ahead of September 30, and expect profit-taking to be light.

PARIS

Wednesday is the final day on which *Le Monde* should decide whether to exercise its pre-emptive rights to acquire a majority stake in Fnac, the French music and book retailer which, otherwise, will see a controlling stake sold to Crédit Lyonnais to Mr François Pinault, the entrepreneur.

Compiled by William Cochrane



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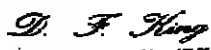
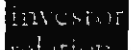
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**Guide to pricing of A**  
Compiled with the assistance

**INITIAL CHARGE:** Charge made on sale of units. Used to defray marketing and subscription costs, including commission paid to intermediaries. This charge is included in the price of units.

**OFFER PRICE:** Also called issue price. The price at which units are first bought by investors.

**NET PRICE:** Also called redemption price. The price at which units are sold back by investors.

**CANCELLATION PRICE:** The minimum redemption price. The fund manager determines the price at which units are sold back by investors. In practice, most well-run managers quote a much lower cancellation price. As a result, the net price is often set above the cancellation price. However, the net price might be raised to the cancellation price by the manager at any time, usually in circumstances in which there is a large excess of redemptions over new buyings.

**TIME:** The first three days after the fund manager's price is the time of the unit trust's return. If the price is determined by investors, the price is set by the government. In practice, most well-run managers quote a much lower cancellation price. As a result, the net price is often set above the cancellation price. However, the net price might be raised to the cancellation price by the manager at any time, usually in circumstances in which there is a large excess of redemptions over new buyings.

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## OTHER UK UNIT TRUSTS

**Balfin Gifford & Co Ltd**  
Int'l Exp Aug 3.....1791.5 817.3 0.93 40105  
Rising Investment Mgmt Ltd

2 Fore Street, London EC2Y 5AD 071-388 1815  
Inv Fund Jul 31 853.45 661.96 4.53 40281  
Fed Inv Svc Jul 31 148.20 138.50 0.70 40952

Postage Ad 31	471.67	776.84	-	439.46
Printing 31	130.55	130.55	3.50	439.71
Phone 31	178.70	180.15	-	439.71
<b>Deposit Account: 999 Money Market Trust Funds</b>				

Fidelity Investment Services Ltd				
Summit American Portfolio	145.7	146.1	0.00	43400
Global Power Portfolio	200.0	200.1	0.00	40000

	1997-98	1998-99	1999-00	2000-01
Domestic 1-year for income tax	72.7	72.5	72.5	72.5
Latin American Acc. Avg.	74.8	73.4	73.8	73.8

**Funds in Court\***

South American Export	UTM	FLM	213	4342
and Income Export	1200.00	1000.00	604	8103
Anderson Touche Remnant	UTM			
Anderson Touche Ex. Aug. 2	UTM	LCM	11.00	

Receipt Funds		DATE		AMOUNT		BALANCE	
Mail Co's Aug 10	10	1957	4	2.15	407.95		
Transport Aug 10	10	1957	4	2.15	407.95		

Equity + Aug 9	108.7	204.1	2.59	499.0
School Co + Aug 9	87.4	108.0	2.37	396.0
and Interest + Aug 9	118.9	118.2	5.36	499.0
Bond Aug 9	138.2	138.4	7.72	499.0

DFM Unit Managers Ltd				
Unit Cost Aug 9	915.00	943.10	2.90	41.10
Unit Cost Aug 10	111.45	111.45	1.00	41.10
Unit Cost Aug 11	111.45	111.45	1.00	41.10

Account \_\_\_\_\_  
Open Expires Aug 11  
Account \_\_\_\_\_  
Exp. Date Expires Aug 11

Completion Exempt Trust 198 87	102.00	1.00	-
Coronation Unit Managers Ltd			
Issued February 20	133.00	137.00	3.7

**A Equity & Low Life Assoc**  
 1921  
 97.3 701 53044

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Int. Ser. 4	701.2	-	4	122	
Int. Ser. 4	347.8	-	4	122	
Int. Ser. 4	212.9	-	4	122	
Int. Ser. 4	100.0	-	4	122	
Int. Ser. 4	100.0	-	4	122	

...	498.1	498.2	-	81.851
...	753	753.9	-	41.859
...	201.9	212.1	-	48.75
...	200.8	71.4	-	46.74
...	382.2	405.8	-	41.853

[illegible]



**FT MANAGED FUNDS SERVICE**

[illegible]



**FT MANAGED FUNDS SERVICE**

● FT Cyteline Unit Trust Prices:  \$1.430010 and low in   below. Costs are charged at  

**LUXEMBOURG (SIB RECOGNISED)**[illegible]**LUXEMBOURG (REGULATED)**[illegible]

### Island Selection Food

[illegible]

## OTHER OFFSHORE FUNDS

[illegible]

### Exhibitions

[illegible]**Jardine Fleming Unit Trusts I**

14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100
14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100
14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100
14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100
14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100
14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100
14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100
14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100
14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100
14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100
14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100
14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100
14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100
14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100
14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100
14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100
14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100
14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100
14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100
14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100
14	15	16	17	18	19	20	21	22	23	24	25	26	27																																																																									

## - Contd. Putnam Embassy Food

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## CURRENCIES AND MONEY

## POUND SPOT FORWARD AGAINST THE POUND

Aug 12	Closing	Change	Day's	One month	Three months	One year	JP Morgan
	mid-point	on day	spread	Rate	Rate	Rate	Rate
Europe							
Austria (Sch)	10.9475	-0.0001	11.9475	10.9475	10.9475	10.9475	10.9475
Belgium (Bfr)	10.9475	-0.0001	11.9475	10.9475	10.9475	10.9475	10.9475
Denmark (DKr)	10.9475	-0.0001	11.9475	10.9475	10.9475	10.9475	10.9475
Finland (Fmk)	10.9475	-0.0001	11.9475	10.9475	10.9475	10.9475	10.9475
France (Ffr)	10.9475	-0.0001	11.9475	10.9475	10.9475	10.9475	10.9475
Germany (DM)	10.9475	-0.0001	11.9475	10.9475	10.9475	10.9475	10.9475
Greece (Dr)	10.9475	-0.0001	11.9475	10.9475	10.9475	10.9475	10.9475
Ireland (Ir)	10.9475	-0.0001	11.9475	10.9475	10.9475	10.9475	10.9475
Italy (Lit)	10.9475	-0.0001	11.9475	10.9475	10.9475	10.9475	10.9475
Netherlands (Gld)	10.9475	-0.0001	11.9475	10.9475	10.9475	10.9475	10.9475
Norway (Krk)	10.9475	-0.0001	11.9475	10.9475	10.9475	10.9475	10.9475
Portugal (Esc)	10.9475	-0.0001	11.9475	10.9475	10.9475	10.9475	10.9475
Spain (Pta)	10.9475	-0.0001	11.9475	10.9475	10.9475	10.9475	10.9475
Sweden (Krk)	10.9475	-0.0001	11.9475	10.9475	10.9475	10.9475	10.9475
Switzerland (Sfr)	10.9475	-0.0001	11.9475	10.9475	10.9475	10.9475	10.9475
UK	10.9475	-0.0001	11.9475	10.9475	10.9475	10.9475	10.9475
USA	10.9475	-0.0001	11.9475	10.9475	10.9475	10.9475	10.9475
Asia							
Japan (Yen)	10.9475	-0.0001	11.9475	10.9475	10.9475	10.9475	10.9475
South Korea (Won)	10.9475	-0.0001	11.9475	10.9475	10.9475	10.9475	10.9475
Taiwan (Nt)	10.9475	-0.0001	11.9475	10.9475	10.9475	10.9475	10.9475
Thailand (Baht)	10.9475	-0.0001	11.9475	10.9475	10.9475	10.9475	10.9475
Malaysia (Ringgit)	10.9475	-0.0001	11.9475	10.9475	10.9475	10.9475	10.9475
Singapore (Dollar)	10.9475	-0.0001	11.9475	10.9475	10.9475	10.9475	10.9475
Philippines (Peso)	10.9475	-0.0001	11.9475	10.9475	10.9475	10.9475	10.9475
Indonesia (Rupiah)	10.9475	-0.0001	11.9475	10.9475	10.9475	10.9475	10.9475
Brunei (Dollar)	10.9475	-0.0001	11.9475	10.9475	10.9475	10.9475	10.9475
East Africa (Shilling)	10.9475	-0.0001	11.9475	10.9475	10.9475	10.9475	10.9475
South Africa (Rand)	10.9475	-0.0001	11.9475	10.9475	10.9475	10.9475	10.9475
Latin America							
Brazil (Real)	10.9475	-0.0001	11.9475	10.9475	10.9475	10.9475	10.9475
Argentina (Peso)	10.9475	-0.0001	11.9475	10.9475	10.9475	10.9475	10.9475
Chile (Peso)	10.9475	-0.0001	11.9475	10.9475	10.9475	10.9475	10.9475
Colombia (Peso)	10.9475	-0.0001	11.9475	10.9475	10.9475	10.9475	10.9475
Costa Rica (Colón)	10.9475	-0.0001	11.9475	10.9475	10.9475	10.9475	10.9475
Cuba (Peso)	10.9475	-0.0001	11.9475	10.9475	10.9475	10.9475	10.9475
Ecuador (Dólar)	10.9475	-0.0001	11.9475	10.9475	10.9475	10.9475	10.9475
El Salvador (Colón)	10.9475	-0.0001	11.9475	10.9475	10.9475	10.9475	10.9475
Guatemala (Quetzal)	10.9475	-0.0001	11.9475	10.9475	10.9475	10.9475	10.9475
Honduras (Lempira)	10.9475	-0.0001	11.9475	10.9475	10.9475	10.9475	10.9475
Mexico (Peso)	10.9475	-0.0001	11.9475	10.9475	10.9475	10.9475	10.9475
Nicaragua (Córdoba)	10.9475	-0.0001	11.9475	10.9475	10.9475	10.9475	10.9475
Panama (Balboa)	10.9475	-0.0001	11.9475	10.9475	10.9475	10.9475	10.9475
Paraguay (Guaraní)	10.9475	-0.0001	11.9475	10.9475	10.9475	10.9475	10.9475
Peru (Nuevo Sol)	10.9475	-0.0001	11.9475	10.9475	10.9475	10.9475	10.9475
Uruguay (Peso)	10.9475	-0.0001	11.9475	10.9475	10.9475	10.9475	10.9475
Venezuela (Bolívar)	10.9475	-0.0001	11.9475	10.9475	10.9475	10.9475	10.9475

## DOLLAR SPOT FORWARD AGAINST THE DOLLAR

Aug 12	Closing	Change	Day's	One month	Three months	One year	JP Morgan
	mid-point	on day	spread	Rate	Rate	Rate	Rate
Europe							
Austria (Sch)	10.9475	-0.0001	11.9475	10.9475	10.9475	10.9475	10.9475
Belgium (Bfr)	10.9475	-0.0001	11.9475	10.9475	10.9475	10.9475	10.9475
Denmark (DKr)	10.9475	-0.0001	11.9475	10.9475	10.9475	10.9475	10.9475
Finland (Fmk)	10.9475	-0.0001	11.9475	10.9475	10.9475	10.9475	10.9475
France (Ffr)	10.9475	-0.0001	11.9475	10.9475	10.9475	10.9475	10.9475
Germany (DM)	10.9475	-0.0001	11.9475	10.9475	10.9475	10.9475	10.9475
Greece (Dr)	10.9475	-0.0001	11.9475	10.9475	10.9475	10.9475	10.9475
Ireland (Ir)	10.9475	-0.0001	11.9475	10.9475	10.9475	10.9475	10.9475
Italy (Lit)	10.9475	-0.0001	11.9475	10.9475	10.9475	10.9475	10.9475
Netherlands (Gld)	10.9475	-0.0001	11.9475	10.9475	10.9475	10.9475	10.9475
Norway (Krk)	10.9475	-0.0001	11.9475	10.9475	10.9475	10.9475	10.9475
Portugal (Esc)	10.9475	-0.0001	11.9475	10.9475	10.9475	10.9475	10.9475
Spain (Pta)	10.9475	-0.0001	11.9475	10.9475	10.9475	10.9475	10.9475
Sweden (Krk)	10.9475	-0.0001	11.9475	10.9475	10.9475	10.9475	10.9475
Switzerland (Sfr)	10.9475	-0.0001	11.9475	10.9475	10.9475	10.9475	10.9475
UK	10.9475	-0.0001	11.9475	10.9475	10.9475	10.9475	10.9475
USA	10.9475	-0.0001	11.9475	10.9475	10.9475	10.9475	10.9475
Asia							
Japan (Yen)	10.9475	-0.0001	11.9475	10.9475	10.9475	10.9475	10.9475
South Korea (Won)	10.9475	-0.0001	11.9475	10.9475	10.9475	10.9475	10.9475
Taiwan (Nt)	10.9475	-0.0001	11.9475	10.9475	10.9475	10.9475	10.9475
Thailand (Baht)	10.9475	-0.0001	11.9475	10.9475	10.9475	10.9475	10.9475
Malaysia (Ringgit)	10.9475	-0.0001	11.9475	10.9475	10.9475	10.9475	10.9475
Singapore (Dollar)	10.9475	-0.0001	11.9475	10.9475	10.9475	10.9475	10.9475
Philippines (Peso)	10.9475	-0.0001	11.9475	10.9475	10.9475	10.9475	10.9475
Indonesia (Rupiah)	10.9475	-0.0001	11.9475	10.9475	10.9475	10.9475	10.9475
Brunei (Dollar)	10.9475	-0.0001	11.9475	10.9475	10.9475	10.9475	10.9475
East Africa (Shilling)	10.9475	-0.0001	11.9475	10.9475	10.9475	10.9475	10.9475
South Africa (Rand)	10.9475	-0.0001	11.9475	10.9475	10.9475	10.9475	10.9475
Latin America							
Brazil (Real)	10.9475	-0.0001	11.9475	10.9475	10.9475	10.9475	10.9475
Argentina (Peso)	10.9475	-0.0001	11.9475	10.9475	10.9475	10.9475	10.9475
Chile (Peso)	10.9475	-0.0001	11.9475	10.9475	10.9475	10.9475	10.9475
Colombia (Peso)	10.9475	-0.0001	11.9475	10.9475	10.9475	10.9475	10.9475
Costa Rica (Colón)	10.9475	-0.0001	11.9475	10.9475	10.9475	10.9475	10.9475
Cuba (Peso)	10.9475	-0.0001	11.9475	10.9475	10.9475	10.9475	10.9475
Ecuador (Dólar)	10.9475	-0.0001	11.9475	10.9475	10.9475	10.9475	10.9475
El Salvador (Colón)	10.9475	-0.0001	11.9475	10.9475	10.9475	10.9475	10.9475
Guatemala (Quetzal)	10.9475	-0.0001	11.9475	10.9475	10.9475	10.9475	10.9475
Honduras (Lempira)	10.9475	-0.0001	11.9475	10.9475	10.9475	10.9475	10.9475
Mexico (Peso)	10.9475	-0.0001	11.9475	10.9475	10.9475	10.9475	10.9475
Nicaragua (Córdoba)	10.9475	-0.0001	11.9475	10.9475	10.9475	10.9475	10.9475
Panama (Balboa)	10.9475	-0.0001	11.9475	10.9475	10.9475	10.9475	10.9475
Paraguay (Guaraní)	10.9475	-0.0001	11.9475	10.9475	10.9475	10.9475	10.9475
Peru (Nuevo Sol)	10.9475	-0.0001	11.9475	10.9475	10.9475	10.9475	10.9475
Uruguay (Peso)	10.9475	-0.0001	11.9475	10.9475	10.9475	10.9475	10.9475
Venezuela (Bolívar)	10.9475	-0.0001	11.9475	10.9475	10.9475	10.9475	10.9475

## CROSS RATES AND DERIVATIVES

## EXCHANGE CROSS RATES

Aug 12	Closing	Change	Day's	One month	Three months	One year	JP Morgan
	mid-point	on day	spread	Rate	Rate	Rate	Rate
Belgium (Bfr)	10.9475	-0.0001	11.9475	10.9475	10.9475	10.9475	10.9475
Denmark (DKr)	10.9475	-0.0001	11.9475	10.9475	10.9475	10.9475	10.9475
France (Ffr)	10.9475	-0.0001	11.9475	10.9475	10.9475	10.9475	10.9475
Germany (DM)	10.9475	-0.0001	11.9475	10.9475	10.9475	10.9475	10.9475
Italy (Lit)	10.9475	-0.0001	11.9475	10.9475	10.9475	10.9475	10.9475
Netherlands (Gld)	10.9475	-0.0001	11.9475	10.9475	10.9475	10.9475	10.9475
Norway (Krk)	10.9475	-0.0001	11.9475	10.9475	10.9475	10.9475	10.9475
Portugal (Esc)	10.9475	-0.0001	11.9475	10.9475	10.9475	10.9475	10.9475
Spain (Pta)	10.9475	-0.0001	11.9475	10.9475	10.9475	10.9475	10.9475
Sweden (Krk)	10.9475	-0.0001	11.9475	10.9475	10.9475	10.9475	10.9475
Switzerland (Sfr)	10.9475	-0.0001	11.9475	10.9475	10.9475	10.9475	10.9475
UK	10.9475	-0.0001	11.9475	10.9475	10.9475	10.9475	10.9475
USA	10.9475	-0.0001	11.9475	10.9475	10.9475	10.9475	10.9475

## UK INTEREST RATES

## LONDON MONEY RATES

	Aug 12	Closing	Change	Day's	One month	Three months	One year	JP Morgan
		mid-point	on day	spread	Rate	Rate	Rate	Rate
Bank of England	10.9475	11.10	0.0000	11.9475	10.9475	10.9475	10.9475	10.9475
Bank of Ireland	10.9475	11.10	0.0000	11.9475	10.9475	10.9475	10.9475	10.9475
Bank of Scotland	10.9475	11.10	0.0000	11.9475	10.9475	10.9475	10.9475	10.9475
Bank of Wales	10.9475	11.10	0.0000	11.9475	10.9475	10.9475	10.9475	10.9475
Bank of Cyprus	10.9475	11.10	0.0000	11.9475	10.9475	10.9475	10.9475	10.9475
Bank of Greece	10.9475	11.10	0.0000	11.9475	10.9475	10.9475	10.9475	10.9475
Bank of India	10.9475	11.10	0.0000	11.9475	10.9475	10.9475	10.9475	10.9475
Bank of Japan	10.9475	11.10	0.0000	11.9475	10.9475	10.9475	10.9475	10.9475
Bank of Korea	10.9475	11.10	0.0000	11.9475	10.9475	10.9475	10.9475	10.9475
Bank of Taiwan	10.9475	11.10	0.0000	11.9475	10.9475	10.9475	10.9475	10.9475
Bank of Thailand	10.9475	11.10	0.0000	11.9475	10.9475	10.9475	10.9475	10.9475
Bank of Malaysia	10.9475	11.10	0.0000	11.9475	10.9475	10.9475	10.9475	10.9475
Bank of Singapore	10.9475	11.10	0.0000	11.9475	10.9475	10.9475	10.9475	10.9475
Bank of Philippines	10.9475	11.10	0.0000	11.9475	10.9475	10.9475	10.9475	10.9475



## INVESTMENT TRUSTS - Cont.

مکتبہ افاضیہ الاصل







**\* 4 pm close August 12**

Have



## NYSE COMPOSITE PRICES

[illegible]**NASDAQ NATIONAL MARKET**

N Y S&P										N Y S&P										N Y S&P									
High Low Last Day										High Low Last Day										High Low Last Day									
ADS Inc.	0.20	19	14 1/2	14	14	-1/2				Deleco	0.32	25	19 1/2	19 1/2							East	0.12	6	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2
Acco Corp.	0.12	30	14 1/2	14 1/2	14 1/2					Deleco	0.48	17	13 1/2	13 1/2	13 1/2	-1/2					East	0.12	6	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2
Acco Corp.	0.12	30	14 1/2	14 1/2	14 1/2					Deleco	0.48	17	13 1/2	13 1/2	13 1/2	-1/2					East	0.12	6	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2
Acco Corp.	0.12	30	14 1/2	14 1/2	14 1/2					Deleco	0.48	17	13 1/2	13 1/2	13 1/2	-1/2					East	0.12	6	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2
Acco Corp.	0.12	30	14 1/2	14 1/2	14 1/2					Deleco	0.48	17	13 1/2	13 1/2	13 1/2	-1/2					East	0.12	6	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2
Acco Corp.	0.12	30	14 1/2	14 1/2	14 1/2					Deleco	0.48	17	13 1/2	13 1/2	13 1/2	-1/2					East	0.12	6	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2
Acco Corp.	0.12	30	14 1/2	14 1/2	14 1/2					Deleco	0.48	17	13 1/2	13 1/2	13 1/2	-1/2					East	0.12	6	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2
Acco Corp.	0.12	30	14 1/2	14 1/2	14 1/2					Deleco	0.48	17	13 1/2	13 1/2	13 1/2	-1/2					East	0.12	6	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2
Acco Corp.	0.12	30	14 1/2	14 1/2	14 1/2					Deleco	0.48	17	13 1/2	13 1/2	13 1/2	-1/2					East	0.12	6	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2
Acco Corp.	0.12	30	14 1/2	14 1/2	14 1/2					Deleco	0.48	17	13 1/2	13 1/2	13 1/2	-1/2					East	0.12	6	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2
Acco Corp.	0.12	30	14 1/2	14 1/2	14 1/2					Deleco	0.48	17	13 1/2	13 1/2	13 1/2	-1/2					East	0.12	6	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2
Acco Corp.	0.12	30	14 1/2	14 1/2	14 1/2					Deleco	0.48	17	13 1/2	13 1/2	13 1/2	-1/2					East	0.12	6	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2
Acco Corp.	0.12	30	14 1/2	14 1/2	14 1/2					Deleco	0.48	17	13 1/2	13 1/2	13 1/2	-1/2					East	0.12	6	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2
Acco Corp.	0.12	30	14 1/2	14 1/2	14 1/2					Deleco	0.48	17	13 1/2	13 1/2	13 1/2	-1/2					East	0.12	6	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2
Acco Corp.	0.12	30	14 1/2	14 1/2	14 1/2					Deleco	0.48	17	13 1/2	13 1/2	13 1/2	-1/2					East	0.12	6	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2
Acco Corp.	0.12	30	14 1/2	14 1/2	14 1/2					Deleco	0.48	17	13 1/2	13 1/2	13 1/2	-1/2					East	0.12	6	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2
Acco Corp.	0.12	30	14 1/2	14 1/2	14 1/2					Deleco	0.48	17	13 1/2	13 1/2	13 1/2	-1/2					East	0.12	6	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2
Acco Corp.	0.12	30	14 1/2	14 1/2	14 1/2					Deleco	0.48	17	13 1/2	13 1/2	13 1/2	-1/2					East	0.12	6	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2
Acco Corp.	0.12	30	14 1/2	14 1/2	14 1/2					Deleco	0.48	17	13 1/2	13 1/2	13 1/2	-1/2					East	0.12	6	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2
Acco Corp.	0.12	30	14 1/2	14 1/2	14 1/2					Deleco	0.48	17	13 1/2	13 1/2	13 1/2	-1/2					East	0.12	6	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2
Acco Corp.	0.12	30	14 1/2	14 1/2	14 1/2					Deleco	0.48	17	13 1/2	13 1/2	13 1/2	-1/2					East	0.12	6	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2
Acco Corp.	0.12	30	14 1/2	14 1/2	14 1/2					Deleco	0.48	17	13 1/2	13 1/2	13 1/2	-1/2					East	0.12	6	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2
Acco Corp.	0.12	30	14 1/2	14 1/2	14 1/2					Deleco	0.48	17	13 1/2	13 1/2	13 1/2	-1/2					East	0.12	6	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2
Acco Corp.	0.12	30	14 1/2	14 1/2	14 1/2					Deleco	0.48	17	13 1/2	13 1/2	13 1/2	-1/2					East	0.12	6	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2
Acco Corp.	0.12	30	14 1/2	14 1/2	14 1/2					Deleco	0.48	17	13 1/2	13 1/2	13 1/2	-1/2					East	0.12	6	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2
Acco Corp.	0.12	30	14 1/2	14 1/2	14 1/2					Deleco	0.48	17	13 1/2	13 1/2	13 1/2	-1/2					East	0.12	6	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2
Acco Corp.	0.12	30	14 1/2	14 1/2	14 1/2					Deleco	0.48	17	13 1/2	13 1/2	13 1/2	-1/2					East	0.12	6	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2
Acco Corp.	0.12	30	14 1/2	14 1/2	14 1/2					Deleco	0.48	17	13 1/2	13 1/2	13 1/2	-1/2					East	0.12	6	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2
Acco Corp.	0.12	30	14 1/2	14 1/2	14 1/2					Deleco	0.48	17	13 1/2	13 1/2	13 1/2	-1/2					East	0.12	6	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2
Acco Corp.	0.12	30	14 1/2	14 1/2	14 1/2					Deleco	0.48	17	13 1/2	13 1/2	13 1/2	-1/2					East	0.12	6	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2
Acco Corp.	0.12	30	14 1/2	14 1/2	14 1/2					Deleco	0.48	17	13 1/2	13 1/2	13 1/2	-1/2					East	0.12	6	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2
Acco Corp.	0.12	30	14 1/2	14 1/2	14 1/2					Deleco	0.48	17	13 1/2	13 1/2	13 1/2	-1/2					East	0.12	6	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2
Acco Corp.	0.12	30	14 1/2	14 1/2	14 1/2					Deleco	0.48	17	13 1/2	13 1/2	13 1/2	-1/2					East	0.12	6	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2
Acco Corp.	0.12	30	14 1/2	14 1/2	14 1/2					Deleco	0.48	17	13 1/2	13 1/2	13 1/2	-1/2					East	0.12	6	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2
Acco Corp.	0.12	30	14 1/2	14 1/2	14 1/2					Deleco	0.48	17	13 1/2	13 1/2	13 1/2	-1/2					East	0.12	6	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2
Acco Corp.	0.12	30	14 1/2	14 1/2	14 1/2					Deleco	0.48	17	13 1/2	13 1/2	13 1/2	-1/2					East	0.12	6	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2
Acco Corp.	0.12	30	14 1/2	14 1/2	14 1/2					Deleco	0.48	17	13 1/2	13 1/2	13 1/2	-1/2					East	0.12	6	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2
Acco Corp.	0.12	30	14 1/2	14 1/2	14 1/2					Deleco	0.48	17	13 1/2	13 1/2	13 1/2	-1/2					East	0.12	6	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2
Acco Corp.	0.12	30	14 1/2	14 1/2	14 1/2					Deleco	0.48	17	13 1/2	13 1/2	13 1/2	-1/2					East	0.12	6	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2
Acco Corp.	0.12	30	14 1/2	14 1/2	14 1/2					Deleco	0.48	17	13 1/2	13 1/2	13 1/2	-1/2					East	0.12	6	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2
Acco Corp.	0.12	30	14 1/2	14 1/2	14 1/2					Deleco	0.48	17	13 1/2	13 1/2	13 1/2	-1/2					East	0.12	6	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2
Acco Corp.	0.12	30	14 1/2	14 1/2	14 1/2					Deleco	0.48	17	13 1/2	13 1/2	13 1/2	-1/2					East	0.12	6	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2
Acco Corp.	0.12	30	14 1/2	14 1/2	14 1/2					Deleco	0.48	17	13 1/2	13 1/2	13 1/2	-1/2					East	0.12	6	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2
Acco Corp.	0.12	30	14 1/2	14 1/2	14 1/2					Deleco	0.48	17	13 1/2	13 1/2	13 1/2	-1/2					East	0.12	6	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2
Acco Corp.	0.12	30	14 1/2	14 1/2	14 1/2					Deleco	0.48	17	13 1/2	13 1/2	13 1/2	-1/2					East	0.12	6	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2
Acco Corp.	0.12	30	14 1/2	14 1/2	14 1/2					Deleco	0.48	17	13 1/2	13 1/2	13 1/2	-1/2					East	0.12	6	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2
Acco Corp.	0.12	30	14 1/2	14 1/2	14 1/2					Deleco	0.48	17	13 1/2	13 1/2	13 1/2	-1/2					East	0.12	6	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2
Acco Corp.	0.12	30	14 1/2	14 1/2	14 1/2					Deleco	0.48	17	13 1/2	13 1/2	13 1/2	-1/2					East	0.12	6	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2
Acco Corp.	0.12	30	14 1/2	14 1/2	14 1/2					Deleco	0.48	17	13 1/2	13 1/2	13 1/2	-1/2					East	0.12	6	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2
Acco Corp.	0.12	30	14 1/2	14 1/2	14 1/2					Deleco	0.48	17	13 1/2	13 1/2	13 1/2	-1/2					East	0.12	6	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2
Acco Corp.	0.12	30	14 1/2	14 1/2	14 1/2					Deleco	0.48	17	13 1/2	13 1/2	13 1/2	-1/2					East	0.12	6	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2
Acco Corp.	0.12	30	14 1/2	14 1/2	14 1/2					Deleco	0.48																		



## FT GUIDE TO THE WEEK

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MONDAY

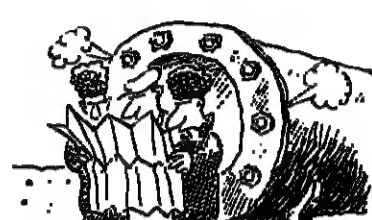
## Japan's war memories



Emperor Akihito and Tomiichi Murayama, Japan's prime minister (left), attend a service in Tokyo marking the 49th anniversary of the end of the Second World War. Some 10 members of the Murayama cabinet may attend a more controversial ceremony at the capital's Yasukuni Shrine to pay homage to Japan's war dead - those buried there include war criminals. Last year, only five members of the government of Morihiro Hosokawa visited the shrine.

**Germany's economies minister.** Ginter Reuter is expected to present a positive analysis of the German economy. With two months before the federal elections, the governing coalition, now running nearly 5 points ahead of the opposition Social Democrats and Greens in opinion polls, is keen to use encouraging economic indicators to help maintain its lead.

## Pipeline talks open



Leaders from Russia, Turkey, Iran, Azerbaijan and Kazakhstan meet in Ashgabat to discuss the construction of a new gas pipeline to Europe. The existing pipeline does not have enough capacity to meet the export ambitions of Russia, Kazakhstan and Azerbaijan, the main energy producers in the former Soviet Union. Disputes between Russia and the two southern republics about access to the pipeline have worried western investors.

**Trial in Albania:** Five members of Omonia, an ethnic Greek political organisation in Albania, go on trial in the capital Tirana on charges of treason and espionage. Greece has threatened to veto European Union financial aid to Albania, claiming human rights abuses against the Greek minority.

**Holidays:** Austria, Belgium, Chile, Colombia, Croatia, Cyprus, France, parts of Germany, Greece, Lebanon, Luxembourg, Malta, Panama, Poland, Portugal, Slovenia, Spain, Venezuela (Assumption).

Argentina, Costa Rica, India (Independence Day), Italy (Summer Bank Holiday), Paraguay, S Korea (Independence Day).

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TUESDAY

## US rates poised to rise

The Federal Open Market Committee, which sets monetary policy for the Federal Reserve, is to meet in Washington. Most economists predict the Fed will decide to raise short term interest rates to head off what it sees as signs of incipient inflation.

**Swedish inflation:** The reasons for Sweden's surprise decision to lift interest rates last week may become clearer today when the country's July consumer price index is published.

The index, which rose from 1.8 per cent to 2.6 per cent between March and June, is expected to have continued its upward trend. The median expectation for July is 2.9 per cent.

**Nigeria's high court in Abuja** is to decide whether it can try Moshood Abiola, the banned winner of last year's annulled presidential election, for treason.

No decision about a prospective general strike by the Nigeria Labour Congress will be taken before the hearing, except in Lagos where opposition to the military government is strongest.

Oil workers' unions, however, say that they will stay on strike until the military hand over power to civilians.

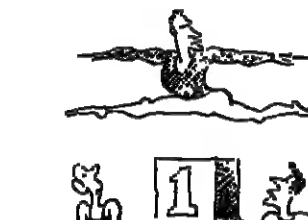
**Sri Lanka** holds a general election. It appears likely that the ruling United National party, which has governed the country for 17 years, will lose to the left-leaning People's Alliance, an eight-party coalition.

**UK economy:** The CBI distributive trades survey will be scanned for early indications of an upturn in official figures for July retail sales, due on Thursday.

Volume sales were unchanged between April and May, and up only 0.2 per cent in June.

However, recent consumer credit data and a strong CBI survey last month suggest that Britain's canny consumers were keen bargain-hunters in the summer sales.

## Ballet russe



An international ballet competition devised in honour of the Russian ballerina Maya Plisetskaya begins in St Petersburg (to August 22).

**On prey:** The memoirs of Bob Hawke, the former Australian prime minister, are due to be published.

Mr Hawke quit in late 1991 after a bitter leadership struggle with Paul Keating, the current PM, and the book is expected to provide insights into the Labor Party conflicts of that time.

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WEDNESDAY

## Palestine progresses



Shimon Peres, (left) Israel's foreign minister, will meet Nabil Shaath, senior Palestinian negotiator, in Cairo. They hope to speed implementation of the extension of Palestinian self-rule across the West Bank. The two sides will also begin discussions on the holding of national Palestinian elections due in mid-December.

An agreement is near to transfer power in the Israeli-occupied West Bank from Israel to Palestinian hands in five areas: education, health, direct taxation, tourism, and social welfare. Differences have emerged, however, about Jerusalem, the release of Palestinian prisoners, and the timing of elections.

**Global population:** The United Nations Population Fund, based in New York, publishes the 1994 report on the State of the World's Population. The 65-page report describes sharp falls in developing country birth rates during the past two decades, and advocates wider distribution of contraceptives and better education for women in developing countries. It is published only a month before the opening of the UN's conference on population in Cairo. The Vatican has censured the UN government's support for contraception and its tolerance of homosexuality.

## Musicians invade



Lucerne's International Music Festival begins, with two concerts a day for more than three weeks (to Sep 10).

**UK economy:** Hopes are high that retail price inflation stayed subdued in July. Summer sales began later this year than last, which may offset adverse effects of less aggressive discounting. Economists are looking for a 0.2 per cent drop in the RPI between June and July, with the year-on-year rate unchanged at 2.6 per cent. The underlying rate, which excludes mortgage interest payments, may nudge higher from 2.4 per cent to 2.5 per cent, the middle of the government's target range.

**Holidays:** Indonesia (Independence Day).



One cloud darkening President Clinton's holiday will be the sluggish progress through Congress of his health care reform bill

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THURSDAY

## Mandela to outline policy

South Africa's president Nelson Mandela addresses parliament on his 100th day in office. He is expected to flesh out the so-called Reconstruction and Development Programme, his government's plan for social investment in areas such as housing, electrification, education and health. The speech is an important public relations effort aimed at meeting the demands of blacks for government action on poverty.

**Israel and Jordan** wind up their first substantive bilateral talks on trade, borders, water, tourism, finance and banking on the Israeli side of the Dead Sea. They are expected to announce progress on demarcation of the disputed border, sharing the waters of the Jordan and Yarmouk rivers, co-operation and joint marketing in tourism, steps to link the two countries' electricity grids, and transit of Jordanian goods through Israel's Mediterranean ports.

**'A Level' results:** Anxious UK parents and their teenage children will be put out of their misery with the release of examination results that are vital for university entrance.

**Cricket:** England meet South Africa for the third test at the Oval, London. (to August 22).

**Commonwealth Games** begin in Victoria, British Columbia, Canada (to August 28).

**Holidays:** Bahrain, Lebanon.

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FRIDAY

## Swedish poll manifesto out

Sweden's opposition Social Democrats, hot favourites to win next month's general election, present their manifesto with all eyes trained on their economic policies.

With the fragile state of the economy dominating the campaign, the party is under pressure to detail how it will deal with the big budget deficit, fast-growing public debt, and rising interest rates.

So far, markets have been less than enthusiastic about the Social Democratic emphasis on tax increases and unwillingness to be drawn on the need for deep cuts in the welfare state.

**UK economy:** The forecast deterioration in the trade balance with non-EU countries to a deficit of \$600m in July, from \$495m in June, should cause little concern.

UK export volumes are rising, giving economists fewer worries about the 1994 current account outlook than three months ago.

**US president** Bill Clinton turns 48, but he may not have much to celebrate unless Congress reverses its recent setback to the crime bill or acts to advance healthcare reform. Even his planned holiday on Martha's Vineyard in the run-up to the Labor Day holiday on September 5 threatens to be fraught with Washington-related distractions.

**Holidays:** Abu Dhabi, Afghanistan (Independence Day), Kuwait, Morocco, Tunisia.

20-21

WEEKEND

## Mexican elections

Mexico goes to the polls on Sunday to elect a new president and Congress. Mr Ernesto Zedillo of the ruling Institutional Revolutionary Party is strong favourite to win the presidential race, while his party is expected to maintain its control over Congress. The opposition and about 15,000 national and several international observers will be watching for fraud.

**Alphacore forum:** Nine heads of state and the European Union Commission president, Jacques Delors, will hold an informal meeting on Sunday within the framework of the annual Alphacore forum in the Austrian Alps (to August 22). Topics will include questions of new neighbourly relations, security problems and cultural ties in the light of the forthcoming enlargement of the EU.

**Cheess:** The Lloyds Bank's annual "tournament starts at the Cumberland Hotel, London (until 29 August). With more than 30 grandmasters competing, it is Britain's strongest-ever open-to-all chess event. Winners qualify for the \$100,000 Intel Grand Prix and a chance to compete against Gary Kasparov and Nigel Short.

**Three Choirs Festival:** Britain's oldest musical festival, going back to the early 18th century, begins at Hereford on Sunday.

Compiled by Patrick Stiles and Martin Mulligan. Fax: (+44) (0)171 573 5194.

## ECONOMIC DIARY

## Other economic news

**Monday:** US capacity utilisation figures could fuel speculation about higher rates if, as economists expect, there is only a marginal drop between June and July.

**Wednesday:** June average earnings and unit labour cost data form key points of interest in the UK's mid-month "super Wednesday" for economic releases. Consensus forecasts from MMS International point to unchanged wage inflation and a slight easing in the annual rate of unit wage cost inflation. July's unemployment figures are expected to show a further fall of about 18,000 last month.

**Thursday:** The Bundesbank council meets for the first time after its summer break. Few analysts expect a change in official interest rates.

Although UK markets are prepared for a rate rise later this year, the expected rise in retail sales in July should not trigger action, provided the picture is one of subdued inflation encouraging spending.

Analysts are not expecting any shocks from UK broad money and bank and building society lending figures, which are forecast to show a modest slowdown in growth in July compared with June.

## Statistics to be released this week

Day Released	Country	Economic Statistic	Median Forecast	Previous Actual	Day Released	Country	Economic Statistic	Median Forecast	Previous Actual	
Mon	US	July industrial production	0.1%	0.5%	Japan	Aug whole's price index, 1st 10 days	-	-	-0.1%	
Aug 15	US	July capacity utilisation	83.8%	83.9%	Japan	July broad liquidity**	-	-	3%	
	Japan	June industrial production†	-	-1.2%	UK	July retail sales*	0.3%	0.3%	0.2%	
	Japan	June shipments†	-	-3.2%	UK	July retail sales**	3.7%	3.7%	3.3%	
Tues	US	July housing starts	1.38m	1.35m	UK	July M4*	0.4%	0.4%	0.4%	
Aug 16	US	Johnson Reebok, w/e Aug 13	-	-0.7%	UK	July M4**	5.5%	5.5%	5.7%	
	UK	July public sector borrowing req	£1.5bn	£2.9bn	UK	July M4, lending**	22bn	22bn	22.9bn	
	Canada	July lead indicator†	0.5%	0.5%	UK	July bldg acty net new commitments	£3.3bn	£3.3bn	£3.6bn	
Wed	UK	July retail price index*	-0.2%	0.0%	Canada	June merchandise exports†	4%	4%	-2.5%	
Aug 17	UK	July retail price index**	2.6%	2.6%	Canada	June merchandise imports†	-0.5%	-0.5%	0.2%	
	UK	Ditto, ex-mortgage int payments**	2.5%	2.4%	Canada	June wage settlement increases	0.5%	0.5%	0.5%	
	UK	July unemployment rate	-18,000	-18,800	Frid	US	July treasury budget	-\$33.2bn	-\$33.2bn	\$15.2bn
	UK	June average earnings	3.75%	3.75%	Aug 19	France	June industrial production†	0.3%	0.3%	0.3%
	UK	June unit wage costs 3M**	1.5%	1.7%	France	June manufacturing production†	0.3%	0.3%	2.2%	
	Canada	June manufacturing new orders*	1%	-1.4%	UK	July trade balance, ex-EC	-2600m	-2600m	-2495m	
Thur	US	June trade: goods & services	-\$8.6bn	-\$9.2bn	Canada	July consumer prices index*	0.2%	0.2%	0.2%	
Aug 18	US	June merchandise trade (BOP)	-	-\$14.1bn	Canada	June retail sales†	0.8%	0.8%	1%	
	US	June merchandise exports, census	\$41.7bn	\$41.3bn	During the week...					
	US	June merchandise imports, census	\$53.8bn	\$54bn	Germany	July wholesale price index*	0.2%	0.2%	0.8%	
	US	Initial claims, w/e Aug 13	325,000	321,000	Germany	July producer prices index*	0.1%	0.1%	-0.1%	
	US	State benefits, w/e Aug 6	-	2.69m	Germany	July producer prices index**	0.4%	0.4%	0.4%	
	US	M2, w/e Aug 8	-\$1.5bn	\$0.6bn	Germany	M3 from 4th qtr base	10.4%	10.4%	11.3%	
	Japan	Jun overall pers consump/expend**	1.8%	-1.7%	Germany	M3†	0.3%	0.3%	-0.1%	
	Japan	Ditto, workers only†	-	-2.1	N'tlands	July unemployment rate	7.4%	7.4%	7.2%	
	Japan	Jul money supply (M2, cash dep)**	1.6%	1.5%						
*month on month, **year on year, †seasonally adjusted Statistics, courtesy MMS International										

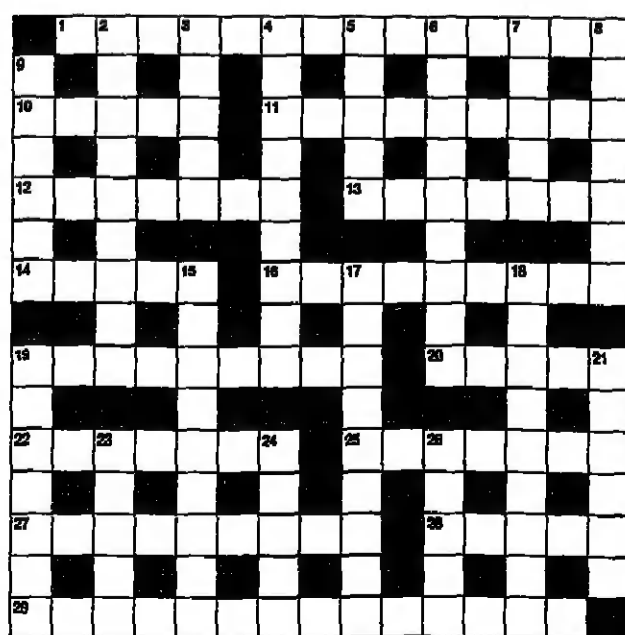
\*month on month, \*\*year on year, †seasonally adjusted Statistics, courtesy MMS International.

## ACROSS

- Room for lightweight Nasa schedule (5)
- Brush the vessel (5)
- Refused it anyway, having taken more than enough (9)
- Break-A-Leg (Inc) can be heaven-sent (7)
- One with little taste for embroidery (7)
- Show indifference and rush off before midnight (6)
- Bird will make a pound a ton or be put back on the ship (9)
- She has the authority to use statements and stratagems. It's said (9)
- Get cold at church (5)
- Wager on small number in the middle (7)
- Down to earth fellow will do over at Los Angeles University (7)
- Fast eight? Cook some supper (9)
- Amenable to dropping the girl for walk (6)
- How London landlords start their sentences (7,7)

## DOWN

- In great alarm, say your song of praise (6)
- Reddish gold found in forty rivers' state (5)
- Urged head of committee to provide early transport (9)
- Perfumery is rooted in the poor risk category (9)
- Finding it painful to muscle in? (9)
- Carmen's in, we hear (5)
- Sure to fall on final remains (7)
- Notes for putting the sentenced law first every time (15)
- Power retained during unfortunate shortage of pellets (9)
- First brandy, neat, not on the rocks - just the ticket here! (3,6)
- Exceed thirty, possibly, but dismissed at the start (9)
- Police officer on fundamental principle is capable of dual reaction (7)
- One who detests holding long rope (6)
- Walkover for premier's skill (5)
- Some are given a talent at birth (6)
- Unable to stomach hot singing (9)



## MONDAY PRIZE CROSSWORD No.8,532 Set by ADAMANT

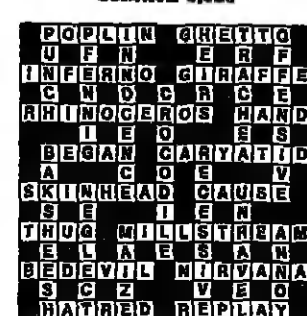
A prize of a Pelikan New Classic 360 fountain pen for the first correct solution opened and five runner-up prizes of £26 Pelikan vouchers will be awarded. Solutions by Thursday August 25, marked Monday Crossword 8,532 on the envelope, to the Financial Times, 1 Southwark Bridge, London SE1 8HL. Solution on Monday August 29.

Name: \_\_\_\_\_ Address: \_\_\_\_\_

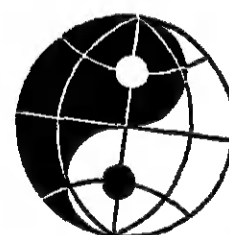
Winners 8,530

J.B.P. Fraser, Nunthorpe, Middleburgh  
Mrs O.B. Ashley, Two Mile Ash, Bucks  
C.R.M. Bangham, Islip, Oxfordshire  
Pamela Boram, Farborough, Kent  
C.E. Bushnell, Lancaster, Pennsylvania, USA  
J. Craig, New Malden, Surrey

Solution 8,520



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Of breaking and jolting the Pelikan's pen, See how sweetly he puts your word onto hand.

Pelikan

JOTTER PAD